REGULATING FOR THE BENEFIT OF ALL

OIL AND GAS COMMISSION 2001 - 2002 ANNUAL REPORT

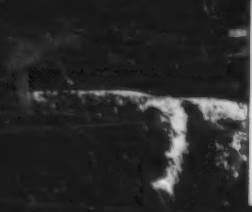
OGC

DOC
BC
0378
B
2001/02
c.3

LEGISLATIVE LIBRARY
VICTORIA, BC

JUN 24 2002

TABLE OF CONTENTS



REGULATING FOR THE BENEFIT OF ALL

Commissioner's Report 3
"Prosperity Through Unity" Circle 5

RESOURCES, INFRASTRUCTURE AND PERFORMANCE

BC's Pipelines 7
Sedimentary Basins and Hydrocarbon Reserves 8
Ladyfern and CBM 9
2002 - 2005 Service Plan 10
Activity Highlights 11

REGULATORY ROLE AND DOING OUR DUTY

Oil and Gas Commission Act Section 3, The Purpose 13
Safety and Conservation 14
Decision-making and Enforcement 15
Consultation and Education 17
OGC Staff 19

SCIENCE AND COMMUNITY ENVIRONMENTAL KNOWLEDGE

Advisory Committee Annual Update ... 21
Environment Fund Investments 22
Treaty 8 Chiefs and Councils 24
Relationship Building 2001 - 2002 24
Profiling the Treaty 8 Elders 27
The Role of Industry 29

PROSPERITY THROUGH UNITY

Fort Nelson's Oil and Gas Conference *"Fueling The Future"* 31
"Prosperity Through Unity" Stakeholder Profiles 33

CANADIAN CATALOGUING IN PUBLICATION DATA

British Columbia Oil and Gas Commission
Annual report ... 4th- 2001 - 2002

Annual
ISSN 1488-1780 = Annual report - British Columbia
Oil and Gas Commission

1. British Columbia Oil and Gas Commission - Periodicals.
2. Petroleum industry and trade - Government policy
British Columbia - Periodicals.
3. Gas industry - Government policy - British Columbia
- Periodicals.

LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00265 0936

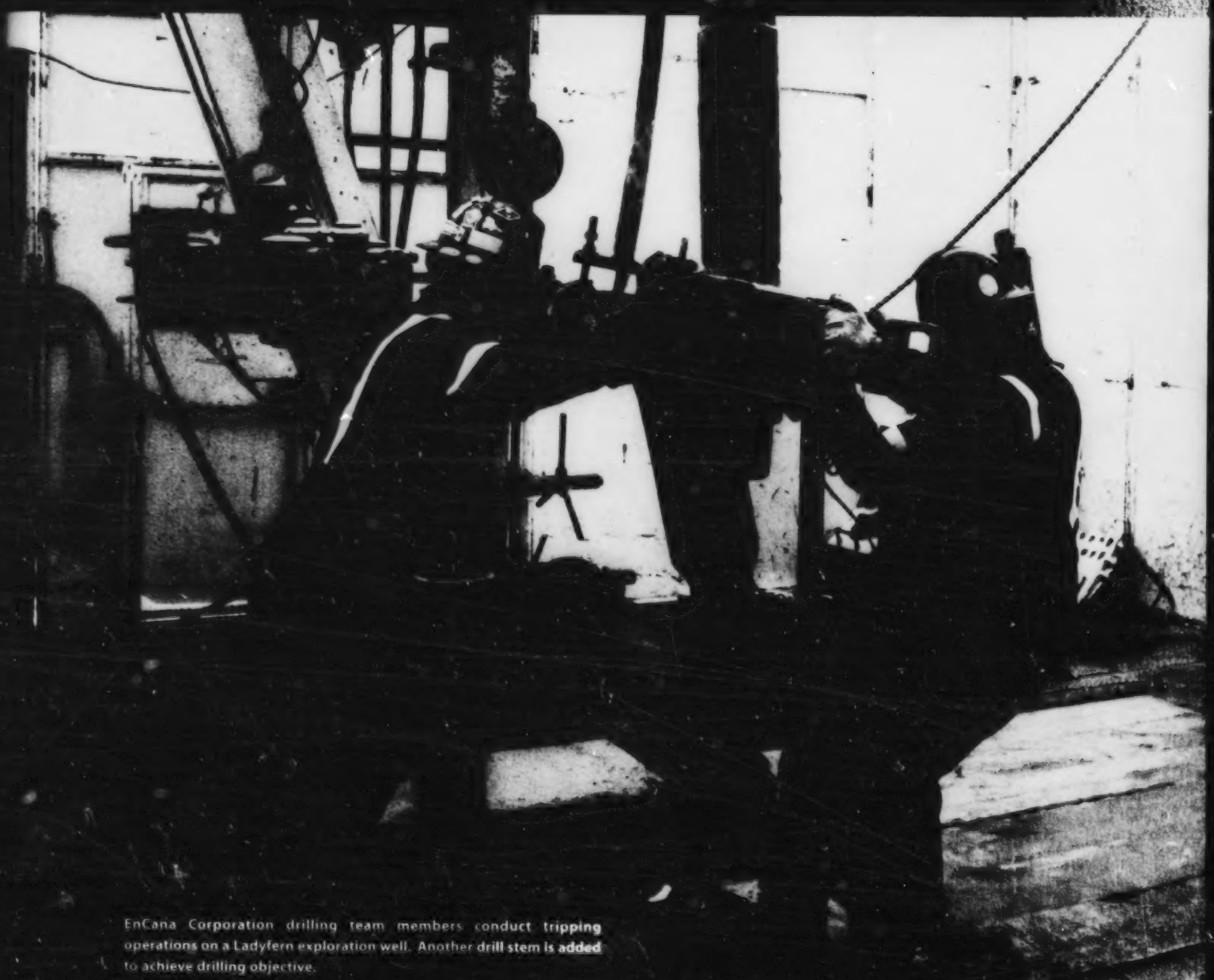
102-05901/

OGC

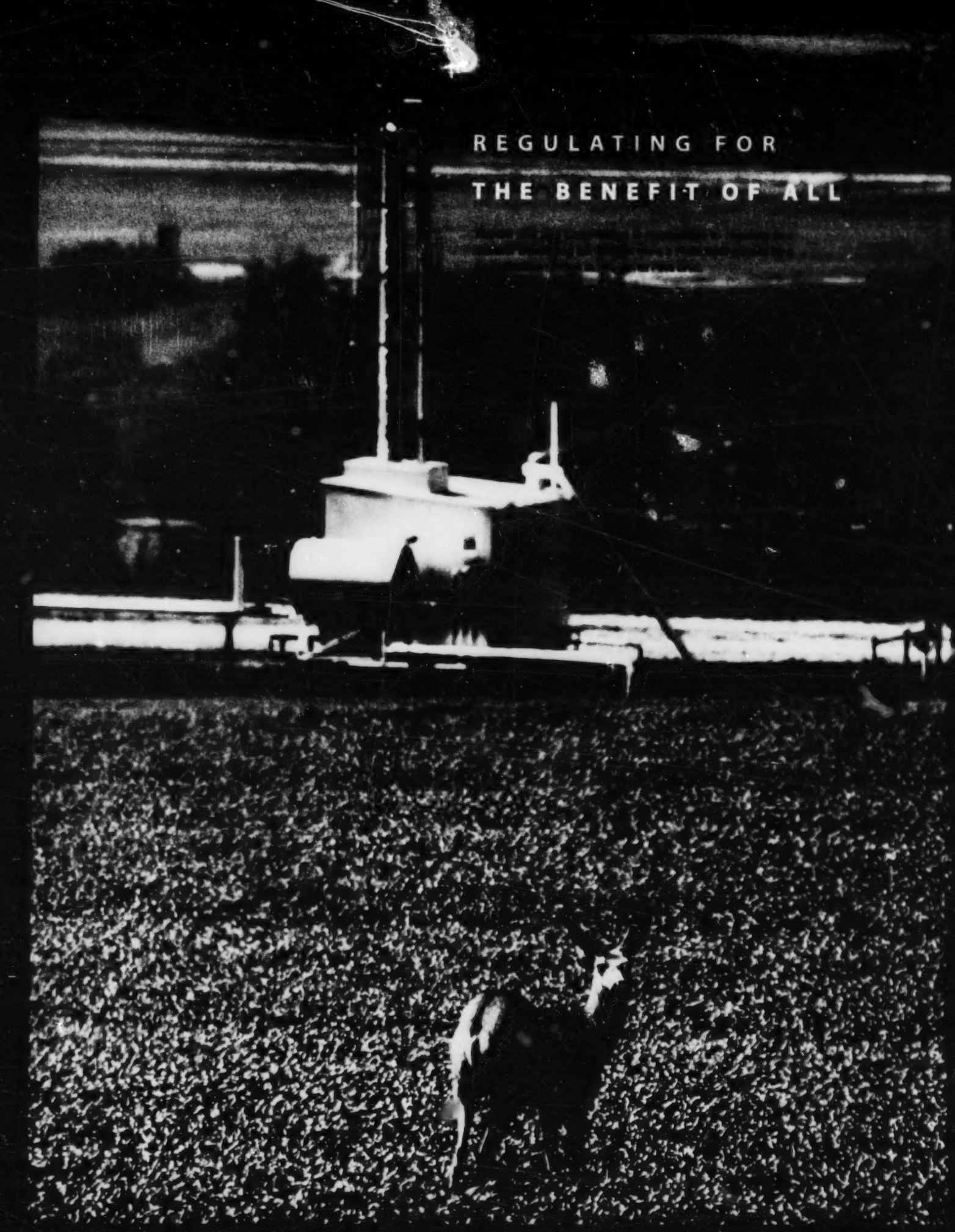
LETTER OF TRANSMITTAL TO THE MINISTER OF ENERGY AND MINES

In fulfilment of section 15 of the *Oil and Gas Commission Act*, the Oil and Gas Commission must deliver an annual report to the Executive Council through the Minister within two months after the end of the fiscal year.

The 2001-2002 Annual Report is respectfully submitted.



EnCana Corporation drilling team members conduct tripping operations on a Ladyfern exploration well. Another drill stem is added to achieve drilling objective.


REGULATING FOR
THE BENEFIT OF ALL

A REPORT FROM THE OIL AND GAS COMMISSIONER'S OFFICE: CONVERTING ENERGY RESOURCES INTO SOCIAL BENEFITS

Derek Doyle
Oil and Gas Commissioner

DEAR READER,

The Oil and Gas Commission (Commission or OGC) welcomed a new era of collaboration and unity in 2001-2002. This was a year filled with accomplishments and challenges. It was a milestone year for relationship building.

This annual report is an account of the progress made in regulatory delivery, environmental management and relationships in BC's oil and gas sector. There is much to celebrate. Activity levels remain vibrant. Innovative problem solving is evident throughout the industry and there is a commitment to renew relationships with First Nations. The Commission acknowledges the invaluable contribution of First Nations, clients and stakeholders in assisting us to improve our regulatory effectiveness.

THE PRINCIPLES THAT GUIDE US

The OGC's vision is to be *the innovative regulatory leader, respected by stakeholders, First Nations and clients*. We are responsible to British Columbians to regulate for the benefit of all. Our purpose is to regulate oil and gas activities and pipelines in British Columbia in a manner that provides for the development of the sector, by fostering a healthy environment, a sound economy and social well being. Our commitment to truthfulness, duty and unity in all that we do, is reaffirmed daily by each person at the OGC.

Responsible to the Minister of Energy and Mines, the Honourable Richard Neufeld, the Commission is striving to serve British Columbian communities by using innovative resource management to convert energy resources into social benefits. These social benefits enrich our lives through employment, community development, personal growth and position BC as globally competitive. By working together, in unity, we will all prosper.

THE YEAR 2001 – 2002 IN REVIEW

This year demonstrated to us that if the OGC is to regulate for the benefit of all, it requires vigilance in our roles to consult, problem solve and regulate. We worked with seven Treaty 8 First Nations to develop and sign commitments to consult on oil and gas activities. These commitments afford the First Nations the capacity to maintain a land office with the expertise to review applications for potential treaty right infringement. The First Nations provide advice to the OGC on how to avoid or mitigate impacts. The agreements mark the starting point for the journey ahead.

Collaborative enforcement with provincial and federal agencies also continued this year; another sign illustrating the importance of unity at every level of the OGC's work. A year ago, we found 79% compliance with major regulatory requirements. As this year's data is being analyzed, it appears there has been a significant improvement. This is a credit to all.

The support and input of citizens, companies and contractors is key to our continuous improvement. The OGC hosted a workshop to examine concerns and issues surrounding a well application in the Red Creek area on the Alaska Highway. The participation of the community and the company resulted in commitments and regulatory requirements that clarified matters for all parties. Clarity is the basis for informed decision making. This example of community and industry collaboration shows what a commitment to unity can achieve.

MEETING THE CHALLENGES OF THE YEARS AHEAD (2002 – 2005)

We also recognize the challenges of growth. In response to the many challenges, the OGC developed a 2002 - 2005 Service Plan to direct our work priorities for the next three years. We commit to measure our performance and renew the Service Plan annually. The Plan sets a number of aggressive performance targets for the next three years:

a) **Single-window approach to regulation.** We will broaden single-window service from 60% to 95% through collaboration with provincial ministries.

b) **Performance-and results-based regulations.** We will improve industry performance by concentrating on the result rather than the procedures. Our target is to achieve 60% results-based regulation from the 15% that exists today.

c) **Effectiveness and efficiency.** We will remove technically outdated regulations; enhance the use of technology; and, invest more effort in examining general development and program plans. The goal is to reduce OGC average review time from 21 to 13 working days and reduce regulatory instruction by 33% over the next three years.

d) **Collaboration with First Nations.** The renewed agreements start us on the road to enhanced collaboration. We are committed to creating opportunities in land and resource management planning; staff exchanges; deploying additional staff resources in the First Nation's land-use offices; enhancing compliance and enforcement; and, emphasizing community information sharing and science.

The OGC budget has been increased from $8.0 million to $10.8 million to achieve the performance goals set out in the Service Plan.

THIS ANNUAL REPORT

The Oil and Gas Commission 2001 - 2002 Annual Report theme is "Regulating for the Benefit of All."

The report profiles the people and the land involved in BC's oil and gas sector. It features:

- Resources, Infrastructure and Performance: recognizing the resource gift of oil and gas.
- Regulatory Role and Doing our Duty: profiling our responsibilities and mandate for safety and conservation; decision-making and enforcement; and, education and consultation.
- Science and Community Environmental Knowledge: highlighting the $1.5 million invested in environmental research this year. This section also recognizes the important contribution of the Treaty 8 Chiefs, Elders and industry.
- Prosperity Through Unity Stakeholder Profiles: representing some of the land and people who are building an oil and gas sector for the benefit of all British Columbians.

I thank you for your continued support and welcome your comments on this report.

Derek Doyle
OIL AND GAS COMMISSIONER

THIS ANNUAL REPORT PROFILES THE PEOPLE AND THE LAND INVOLVED IN BC'S GROWING OIL AND GAS SECTOR

The Commission's vision is to be the innovative regulatory leader, respected by stakeholders, First Nations and clients. We believe our collective prosperity is only possible through unity. Our goal is to regulate in a manner that is in harmony with the environment and is respectful of its resources, people, and future generations. The illustration below represents *Prosperity Through Unity*.

The **VISION** circle illustrates the life sustaining resource gifts of beautiful British Columbia. The **SERVICES** circle signifies the many social benefits British Columbians enjoy. The **ENGINES** circle is a symbol of the provincial economic development necessary to generate the services we depend upon.

"PROSPERITY THROUGH UNITY" CIRCLE

The "Prosperity Through Unity" circle depicts our greatest resource - our people; whose knowledge, talent, and intelligence, when shared, benefit all.

Recognizing the important inter-relationship of the environment, social benefits and responsible development, the report highlights:

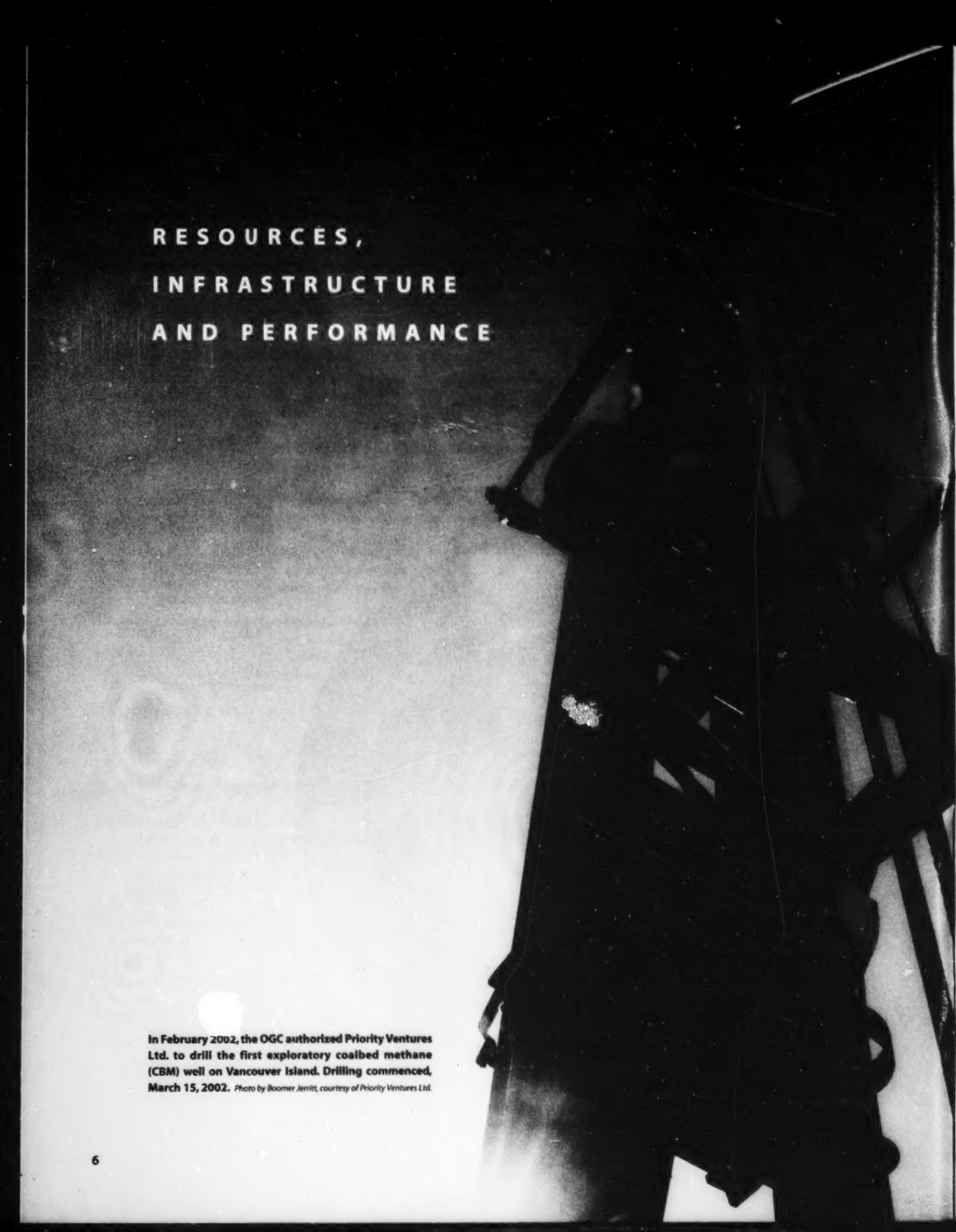
RESOURCES, INFRASTRUCTURE AND PERFORMANCE
BC's oil and gas gift

REGULATORY ROLE AND DUTY
OGC *Branch responsibilities*

SCIENCE AND COMMUNITY ENVIRONMENTAL KNOWLEDGE
Environment Fund investments, the roles of Treaty 8 First Nations and industry

PROSPERITY THROUGH UNITY STAKEHOLDER PROFILES
Stakeholder insights

RESOURCES, INFRASTRUCTURE AND PERFORMANCE



In February 2002, the OGC authorized Priority Ventures Ltd. to drill the first exploratory coalbed methane (CBM) well on Vancouver Island. Drilling commenced, March 15, 2002. *Photo by Boomer Jerritt, courtesy of Priority Ventures Ltd.*

RESOURCES AND INFRASTRUCTURE

ENERGY RICH BRITISH COLUMBIA

BC is rich in energy resources and pipeline infrastructure.

THE PROVINCIAL ENERGY POLICY

Energy production was at record levels in 2001-2002. Direct revenues to the province reached more than $3 billion.

In August 2001, the Premier of British Columbia, the Honourable Gordon Campbell, established a Task Force to draft an energy policy framework for BC. The Energy Policy will guide the future development, priorities and performance setting for BC's energy resources.

The Ministry of Energy and Mines is developing an Energy Policy that:

- Attracts investment
- Increases energy supply
- Develops a trained workforce and offers employment opportunities
- Promotes a diversified mix of energy sources
- Integrates environmental research and technology

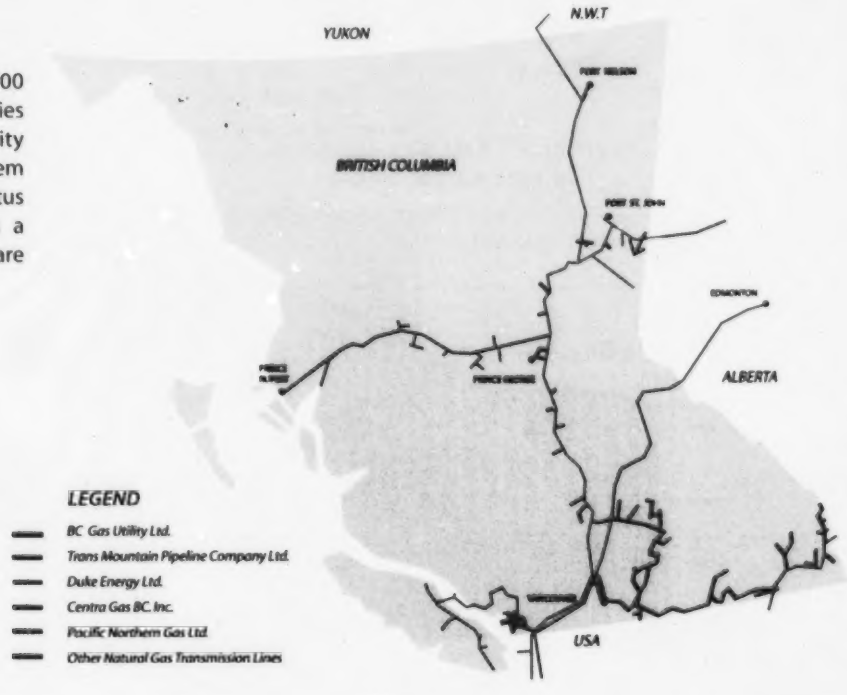
Additional Information:

For more information on BC's energy resources and the Provincial Energy Policy contact the Ministry of Energy and Mines at (250) 952-0323 or through their website at www.gov.bc.ca/em.

PIPELINE INTEGRITY

The OGC regulates more than 28,000 kilometres of provincial pipeline. Companies are required to have an Integrity Management Plan (IMP). An IMP is a system to track and report to the OGC on the status and condition of their pipelines. It is a proactive program that ensures pipelines are safe.

BC PIPELINE SYSTEM



HYDROCARBON RESERVES* AS OF DECEMBER 31, 2000

NATURAL GAS	*10,464 billion cubic feet*
CRUDE OIL	*172.2 million barrels*
COALBED METHANE	*none currently recognized*
LIQUIFIED PETROLEUM GAS	*75.5 million barrels*
PENTANES +	*34 million barrels*
SULPHUR	*13 million long tons*

The Hydrocarbon Reserves information is available on the Oil and Gas Commission website at www.ogc.gov.bc.ca.

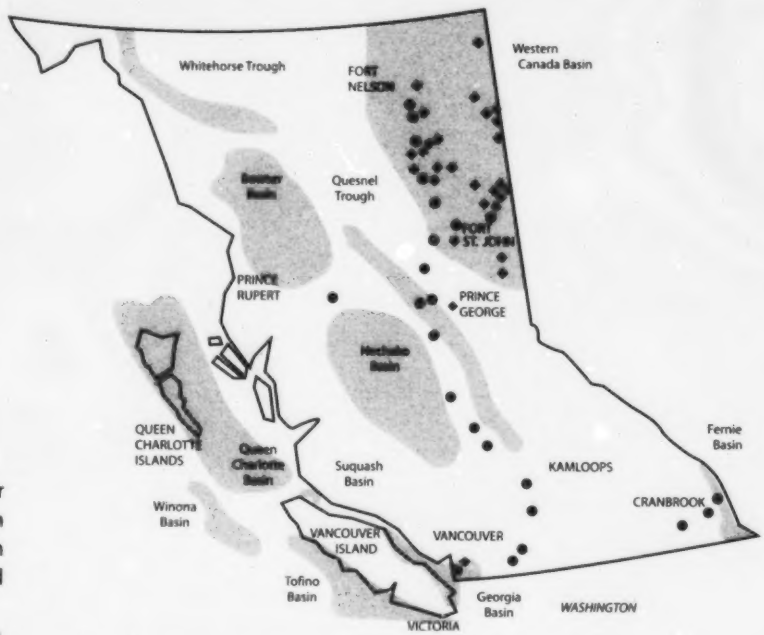
* Hydrocarbon Reserves:
Established and proven portion

THE ESTIMATED RESOURCE POTENTIAL

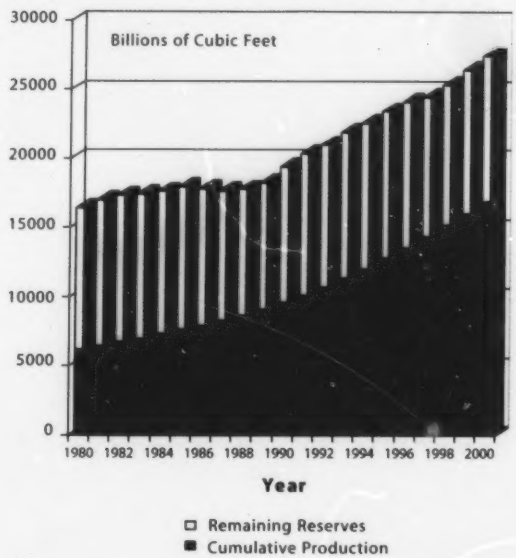
The estimated resource potential* for northeast BC for marketable natural gas to be discovered is 31 trillion cubic feet. Additionally, it is estimated 265 million barrels remain either undiscovered or will be recovered using improved recovery techniques.

* Estimated Resource Potential:
Estimated resource in the ground

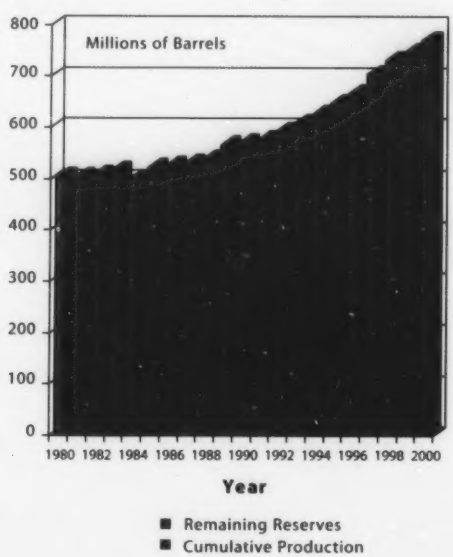
BC FACILITIES AND SEDIMENTARY BASINS



HISTORICAL RAW GAS RESERVES IN BRITISH COLUMBIA

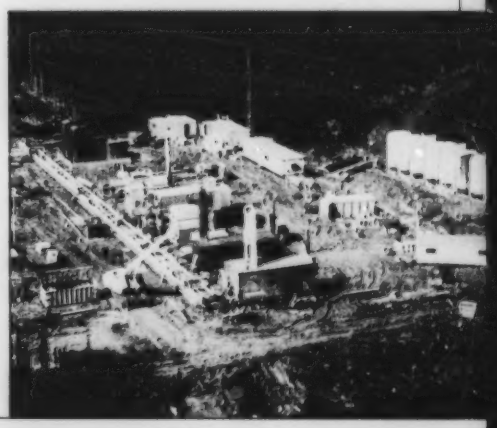


HISTORICAL OIL RESERVES IN BRITISH COLUMBIA



EXPLORATION IN BC

There were 670 wells drilled in BC in 2001-2002. Two notable oil and gas developments include the exploration drilling in Ladyfern and coalbed methane in Elkford Valley, Ojay and Vancouver Island.



LADYFERN

The Ladyfern play is a world-class development. It is located 70 miles northeast of Fort St. John. A typical Ladyfern well is capable of producing 60 million cubic feet of gas per day.

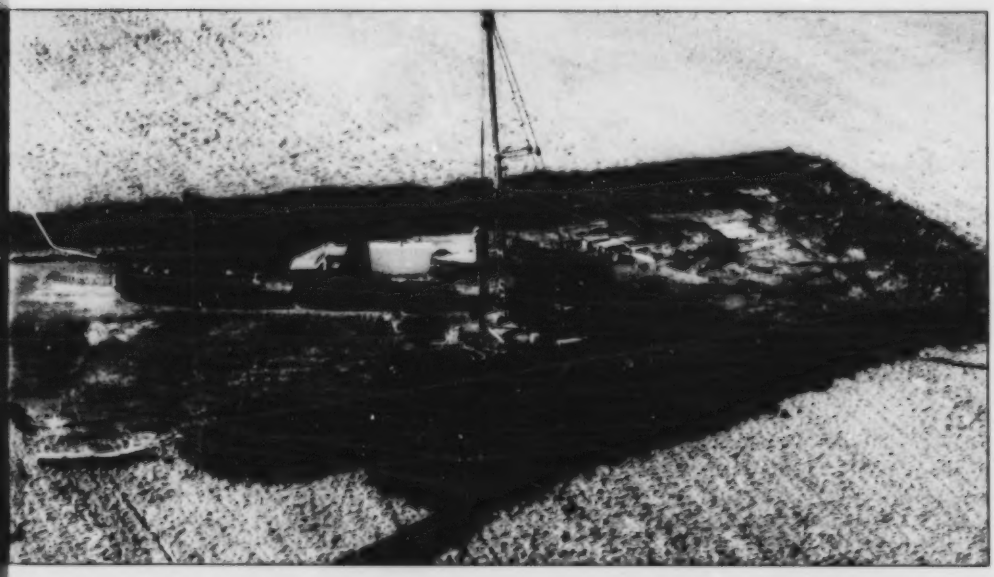
The Ladyfern field is a resource gift to British Columbia. Operators exploring the region include: EnCana Corporation, Canadian Natural Resources Limited (CNRL), Apache Corporation, and Murphy Oil Company Ltd. Pictured here is a CNRL operating facility under expansion in July 2001. Photo courtesy of CNRL

OVERALL DEVELOPMENT IN LADYFERN TO MARCH 31, 2002

Seismic	*Wells*	*Facilities*	*Pipelines*
32 Seismic programs shot	(Slavepoint Objective) Spudded - 64 Producing - 32	6 Facilities operating * **this figure does not include facilities in review or facilities under construction*	29 Pipelines operating

CBM EXPLORATION

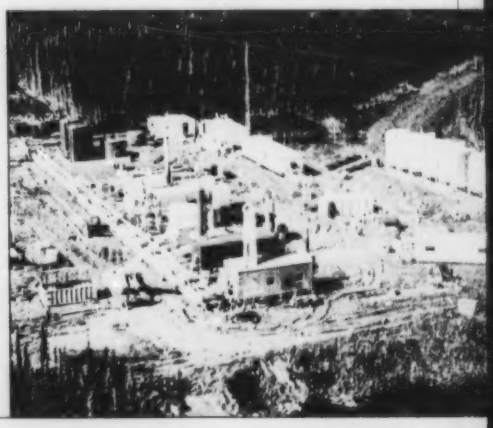
Coalbed methane (CBM) is natural gas contained within coal deposits. 2001-2002 marks a milestone in BC's CBM development. The first CBM well was authorized on Vancouver Island, in the Comox-Strathcona regional district, February 7, 2002.



A dirt berm is constructed as a preventive measure in the unlikely event of an uncontrolled release. This is a standard procedure of oil and gas drilling operations throughout the province, and was used as part of CBM exploration. Photo by Boomer Jenitt, courtesy of Priority Ventures Ltd.

EXPLORATION IN BC

There were 670 wells drilled in BC in 2001-2002. Two notable oil and gas developments include the exploration drilling in Ladyfern and coalbed methane in Elkford Valley, Ojay and Vancouver Island.



LADYFERN

The Ladyfern play is a world-class development. It is located 70 miles northeast of Fort St. John. A typical Ladyfern well is capable of producing 60 million cubic feet of gas per day.

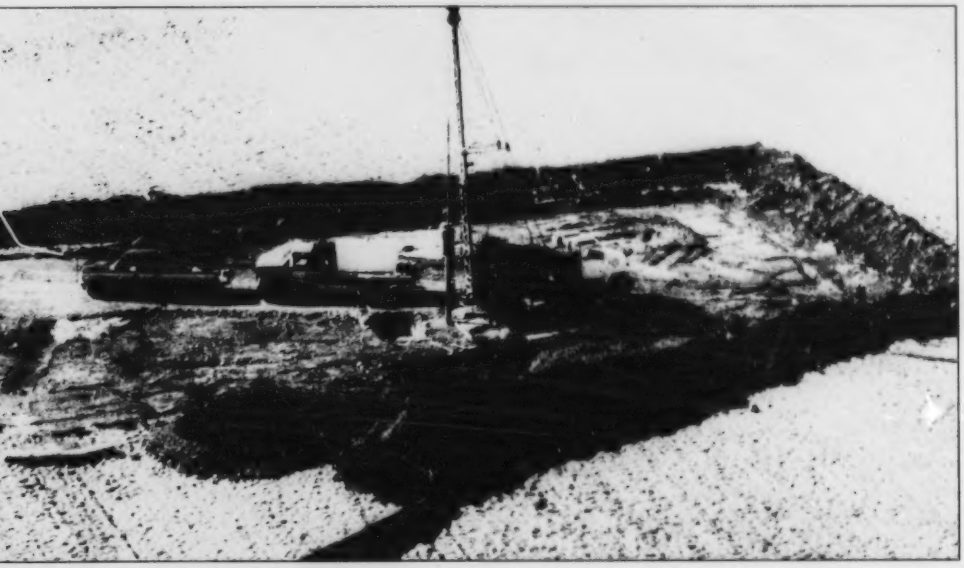
The Ladyfern field is a resource gift to British Columbia. Operators exploring the region include: EnCana Corporation, Canadian Natural Resources Limited (CNRL), Apache Corporation, and Murphy Oil Company Ltd. Pictured here is a CNRL operating facility under expansion in July 2001. Photo courtesy of CNRL

OVERALL DEVELOPMENT IN LADYFERN TO MARCH 31, 2002

Seismic	*Wells*	*Facilities*	*Pipelines*
32 Seismic programs shot	(Slavepoint Objective) Spudded - 64 Producing - 32	6 Facilities operating * **this figure does not include facilities in review or facilities under construction*	29 Pipelines operating

CBM EXPLORATION

Coalbed methane (CBM) is natural gas contained within coal deposits. 2001-2002 marks a milestone in BC's CBM development. The first CBM well was authorized on Vancouver Island, in the Comox-Strathcona regional district, February 7, 2002.



A dirt berm is constructed as a preventive measure in the unlikely event of an uncontrolled release. This is a standard procedure of oil and gas drilling operations throughout the province, and was used as part of CBM exploration. Photo by Boomer Jerritt, courtesy of Priority Ventures Ltd.

THE 2002 - 2005 SERVICE PLAN: S.P.E.C

In 2001, the Commission developed its three-year Service Plan. The OGC Service Plan is part of the suite of tools in BC's Energy Policy framework.

Issues on the OGC horizon are:

- Improving relations with First Nations, communities and stakeholders
- Continuing need for environmental research and the integration of resource management with innovative regulatory delivery
- Developing technology and human resource capacity
- Increasing public awareness of potential health, safety and operational impacts
- Shifting to results-based delivery
- Resolution of conflicting tenures issues

This environmental scan prompted the four key strategies in the Service Plan. The strategies are known as S.P.E.C.

SINGLE-WINDOW SERVICE
Offer 95% of services in a single-window agency.

PERFORMANCE-BASED DELIVERY
Shift 60% of applications to a performance-and results-based system.

EFFECTIVENESS AND EFFICIENCY
Reduce regulatory burden by 33% and streamline the time taken to process applications; improve the compliance of the oil and gas industry with regulatory requirements.

COLLABORATION WITH FIRST NATIONS AND COMMUNITIES
Markedly improve the satisfaction of the First Nations with the OGC and industry.

CORPORATE INITIATIVES: IMPROVE CLIENT SERVICE AND RELATIONSHIPS

ENHANCED COMPLIANCE AND ENFORCEMENT: REDESIGN OF DELIVERY

The OGC collaborated with the Ministry of Water, Land and Air Protection and the Ministry of Forests to conduct a winter regulatory compliance audit. The results were integrated into a three-part strategy to improve compliance by:

a) Increasing joint compliance and enforcement activities
b) Developing with industry input results-based guidance and educational tools
c) Leveraging industry commitment to establish quality assurance and stewardship programs which fully deliver the terms and conditions of the approvals granted by the OGC

IMPROVED PLANNING AND LAND ACCESS: LAUNCHING THE GENERAL DEVELOPMENT PERMIT PILOT

The General Development Permit (GDP) allows the concurrent examination of surface effects from planned oil and gas activities and pipelines in a local area. The benefits of the GDP are: improved cumulative impact management; enhanced planning of activities and streamlined application reviews.

COLLABORATIVE RELATIONSHIP BUILDING AND EDUCATION

The Commission is continuing to improve its working relationship with Treaty 8 First Nations. Additional OGC staff are being hired to collaborate with Treaty 8 First Nation's land-use offices. Improved information systems are also being deployed in the communities to assist with referral processing.

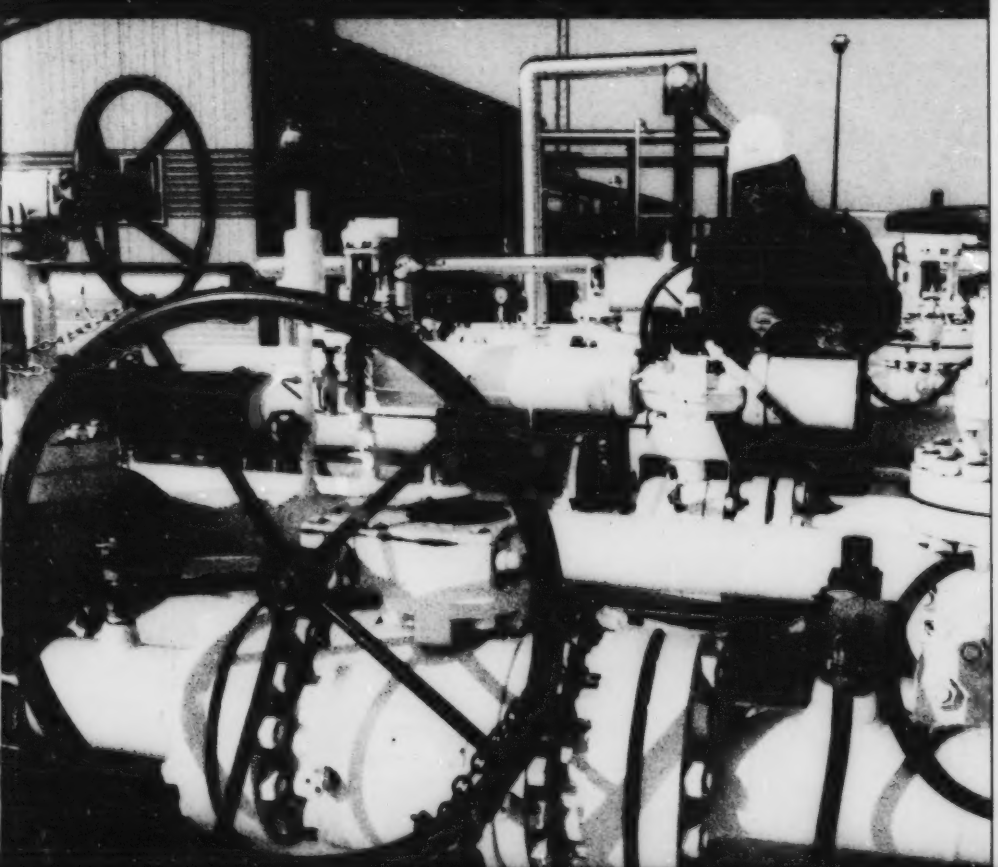
2001-2002 PERFORMANCE AND ACTIVITY HIGHLIGHTS

PERFORMANCE INDICATORS

Days to complete applications	21 day average
Inspections completed	1638
Consultations initiated	3287

Wells spudded	670
Wells commencing initial production	386
Wells producing	1392
Pipelines issued permit to open	404
Km of pipelines built	1300
Facilities operating	1385
Facilities issued permit to open	45

INCREASE IN GEOPHYSICAL APPLICATIONS FROM 2000 [illegible]



OGC inspectors are required to regularly inspect oil and gas facilities. Pictured here is Operations Inspector, Len Barteaux. Mr. Barteaux is conducting a routine inspection of the Emergency Shutdown Devices (ESD) at the Williams Energy Taylor Pump Station. ESD equipment will activate in the event of pressure changes.

Additional Information

The most current listing of performance and activity statistics can be found on our website at www.ogc.gov.bc.ca

THE 2002 - 2005 SERVICE PLAN: S.P.E.C

In 2001, the Commission developed its three-year Service Plan. The OGC Service Plan is part of the suite of tools in BC's Energy Policy framework.

Issues on the OGC horizon are:

- Improving relations with First Nations, communities and stakeholders
- Continuing need for environmental research and the integration of resource management with innovative regulatory delivery
- Developing technology and human resource capacity
- Increasing public awareness of potential health, safety and operational impacts
- Shifting to results-based delivery
- Resolution of conflicting tenures issues

This environmental scan prompted the four key strategies in the Service Plan. The strategies are known as S.P.E.C.

SINGLE-WINDOW SERVICE
Offer 95% of services in a single-window agency.

PERFORMANCE-BASED DELIVERY
Shift 60% of applications to a performance-and results-based system.

EFFECTIVENESS AND EFFICIENCY
Reduce regulatory burden by 33% and streamline the time taken to process applications; improve the compliance of the oil and gas industry with regulatory requirements.

COLLABORATION WITH FIRST NATIONS AND COMMUNITIES
Markedly improve the satisfaction of the First Nations with the OGC and industry.

CORPORATE INITIATIVES: IMPROVE CLIENT SERVICE AND RELATIONSHIPS

ENHANCED COMPLIANCE AND ENFORCEMENT: REDESIGN OF DELIVERY

The OGC collaborated with the Ministry of Water, Land and Air Protection and the Ministry of Forests to conduct a winter regulatory compliance audit. The results were integrated into a three-part strategy to improve compliance by:

a) Increasing joint compliance and enforcement activities
b) Developing with industry input results-based guidance and educational tools
c) Leveraging industry commitment to establish quality assurance and stewardship programs which fully deliver the terms and conditions of the approvals granted by the OGC

IMPROVED PLANNING AND LAND ACCESS: LAUNCHING THE GENERAL DEVELOPMENT PERMIT PILOT

The General Development Permit (GDP) allows the concurrent examination of surface effects from planned oil and gas activities and pipelines in a local area. The benefits of the GDP are: improved cumulative impact management; enhanced planning of activities and streamlined application reviews.

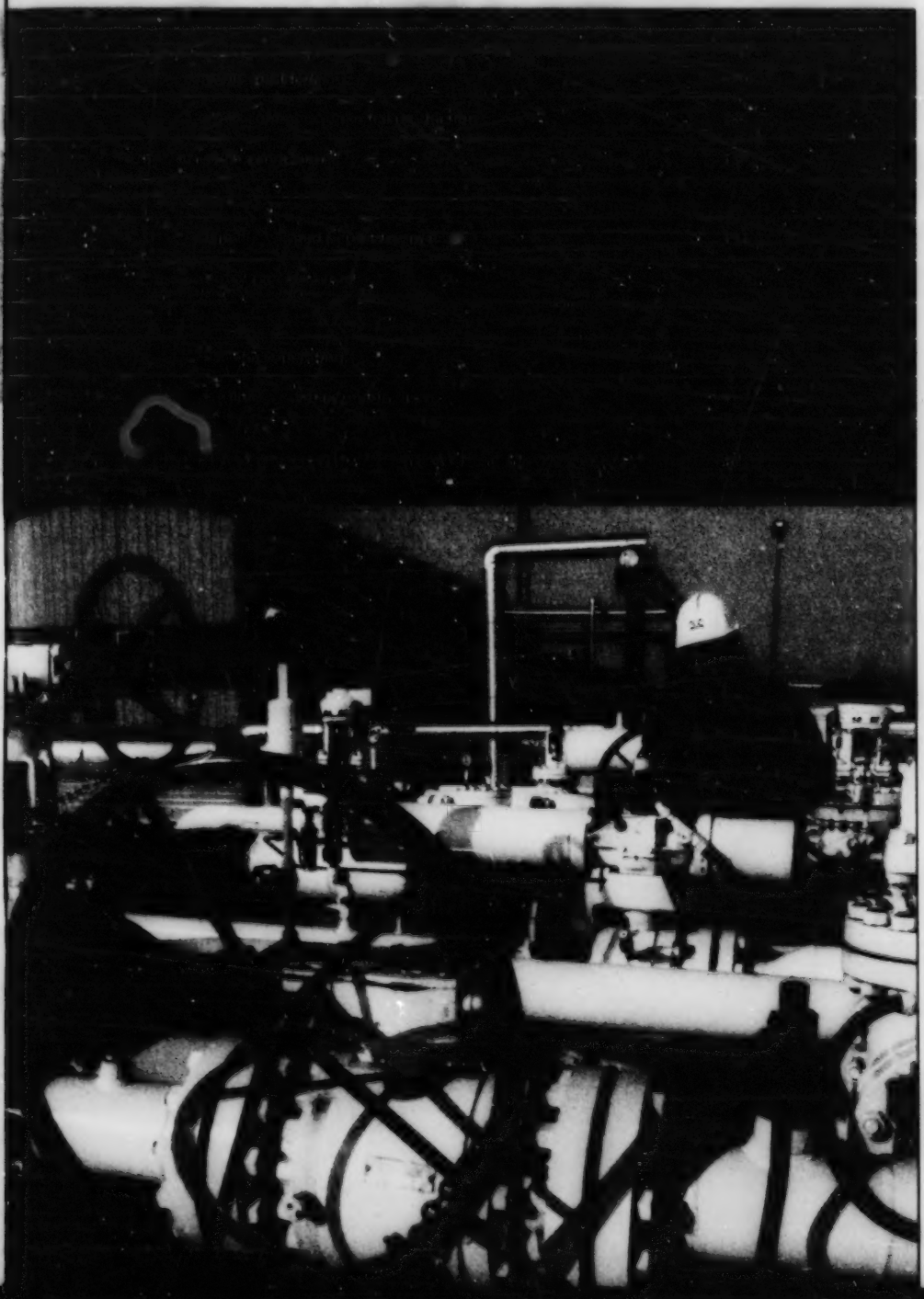
COLLABORATIVE RELATIONSHIP BUILDING AND EDUCATION

The Commission is continuing to improve its working relationship with Treaty 8 First Nations. Additional OGC staff are being hired to collaborate with Treaty 8 First Nation's land-use offices. Improved information systems are also being deployed in the communities to assist with referral processing.

2001-2002 PERFORMANCE AND ACTIVITY HIGHLIGHTS

PERFORMANCE INDICATORS	
Days to complete applications	21 day average
Inspections completed	1638
Consultations initiated	3287

Additional Information:
The most current listing of performance and activity statistics can be found on our website at www.ogc.gov.bc.ca



OGC inspectors are required to regularly inspect oil and gas facilities. Pictured here is Operations Inspector, Len Barteaux. Mr. Barteaux is conducting a routine inspection of the Emergency Shutdown Devices (ESD) at the Williams Energy Taylor Pump Station. ESD equipment will activate in the event of pressure changes.

REGULATORY ROLE AND DOING OUR DUTY

The OGC Corporate Services Branch enhanced its Geographic Information Systems (GIS) technology in 2001-2002. The department provides the Commission with spatial information. Mapping information on the GIS system enables the OGC and government ministries to maintain accurate oil and gas activity data. GIS coordinator, Grant Fox is shown here.

DOING OUR DUTY

THIS SECTION PRESENTS THE REGULATORY DUTY OF THE OGC. HIGHLIGHTS FROM 2001-2002 IN SAFETY, EMERGENCY RESPONSE MANAGEMENT; CONSERVATION; DECISION-MAKING; COMPLIANCE AND ENFORCEMENT; CONSULTATION AND EDUCATION ARE FEATURED.

OIL AND GAS COMMISSION ACT, SECTION 3, THE PURPOSE

The purposes of the Oil and Gas Commission are to:

a) Regulate oil and gas activities and pipelines in British Columbia in a manner that
   - *i. provides for the sound development of the oil and gas sector, by fostering a healthy environment, a sound economy and social well being*
   - *ii. conserves oil and gas resources in British Columbia*
   - *iii. ensures safe and efficient practices, and*
   - *iv. assists owners of oil and gas resources to participate equitably in the production of shared pools of oil and gas*

b) Provide for effective and efficient processes for the review of applications related to oil and gas activities or pipelines, and to ensure that applications that are approved are in the public interest having regard to environmental, economic and social effects

c) Encourage the participation of First Nations and Aboriginal peoples in processes affecting them

d) Participate in planning processes, and

e) Undertake programs of education and communication in order to advance safe and efficient practices and the other purposes of the Commission

OGC Engineering Technician, Shannon Patterson and Production Engineer, Richard Slocomb review a site-specific Emergency Response Plan (ERP). The Commission requires an ERP when there are residences within the emergency planning zone.

AN EMERGENCY RESPONSE PLAN INCLUDES THE FOLLOWING INFORMATION:

- *Explanation of the potential hazard of an uncontrolled release of hydrogen sulphide (H_2S) and sulphur dioxide (SO_2)*
- *Characteristics, dangers and origins of H_2S and SO_2*
- *Explanation of evacuation and ignition procedures*
- *Explanation of procedures to evacuate schools, hospitals and other venues, which might be impacted during an emergency*
- *Location of evacuation centers*
- *Company contact numbers and information*

SAFETY AND CONSERVATION

SAFETY

PROTECTING GROUND WATER AND RESOURCE CHARACTERISTICS

The OGC is responsible to regulate for the safety and integrity of drilling, resource extraction, facility design and construction, and transportation of energy resources.

An oil and gas well can be described as a vertical pipeline reaching from the top of the earth's surface into the ground to the oil and gas zone. Through this pipe, the energy resources are brought to the surface. This pipeline is known as "casing".

Casing is one stage of operations that the OGC regulates. In fulfilling the engineering mandate, Engineers authorize a company's casing specifications including size, grade, weight per foot, type of connection, and the length of each section of casing.

Engineering integrity of the well casing is important to protect ground water and to preserve the distinct geological characteristics of each oil and gas-producing zone.

PROFILING EMERGENCY MANAGEMENT PLANNING: 32 SPECIAL SOUR WELLS AUTHORIZED

The industry is responsible for the safe conduct of operations and the prevention of uncontrolled releases of fluids into the environment. The Commission requires oil and gas companies to submit an Emergency Response Plan (ERP) for operations related to wells, pipelines or production facilities.

In 2001-2002, the OGC Engineering and Geology Branch reviewed 32 special sour ERPs.

CONSERVATION

TWO ACID GAS RE-INJECTION WELLS AUTHORIZED

Acid gas re-injection into deep subsurface reservoirs is a relatively new development in the oil and gas industry. An accepted industry practice is to release a regulated amount of waste gases into the atmosphere. Through acid gas technology, the waste gas is re-injected deep into a subsurface reservoir. This method is environmentally superior to traditional disposal operations.

One example of the OGC's conservation stewardship in 2001 is the evaluation and authorization of an acid gas re-injection project for Talisman Energy Inc. The project involves the re-injection of 350,000 tonnes per year of hydrogen sulphide and 84,000 tonnes per year of carbon dioxide.

The OGC Engineering and Geology Branch authorized two acid gas re-injection wells in 2001-2002.

OGC strives to strengthen relationships with stakeholders and clients. Shown here are (left to right) Oil and Gas Resource Officers Kelly Harrison and Renate Hambuechen discussing coalbed methane planning with EnCana's Rick Solinger and Allan Greeves.

DECISION-MAKING AND ENFORCEMENT

DECISION-MAKING

THE PUBLIC INVOLVEMENT GUIDELINES ARE FINALIZED WITH CLIENT AND STAKEHOLDER INPUT

One important function of the OGC is to review oil and gas applications, ensuring decisions are made with regard for the environmental, economic and social impacts.

In 2001-2002, the Commission worked with industry and stakeholders to enhance the OGC's Public Involvement Guidelines. Industry is required to seek input from the public affected by a proposed oil and gas activity or pipeline. Public input is considered in decisions regarding the timing of the project; the drilling method or location; type of equipment used; and, environmental techniques for minimizing disturbance.

As a single-window agency, the Commission protects the environment through specified enactments or enabling authorities under the *Land Act*, the *Water Act*, *Forest Act*, *Forest Practices Code of BC Act*, *Heritage Conservation Act* and the *Waste Management Act*.

ENVIRONMENTAL REVIEW CRITERIA AND PARAMETERS TO SET PERMIT CONDITIONS

UNGULATES
(CARIBOU, MOOSE, ETC.)
Consider disturbance to critical wintering habitats, traditional corridors and running areas

FUR BEARERS
(BEAR, WOLVERINE, MARTEN)
Consider impact to habitat and seasonal environmental sensitivities

FISH VALUES
Consider species at risk, seasonal environmental sensitivities and habitat

STREAM CROSSINGS AND ACCESS ROUTES
Consider construction methods that strive for minimal impact, including seasonal sensitivities, such as critical fish spawning and rearing seasons

AVIAN SPECIES (BIRDS)
The OGC works collaboratively with the Ministries of Sustainable Resource Management and Water, Land and Air Protection to seek recommendations. For example, if there is a golden eagle nesting area near a potential program, resource development will be integrated with eagle habitat protection.

A Great Horned Owlet, Bubo virginianus, photographed near the waters of the Peace River, near Fort St. John, BC.

COMPLIANCE AND ENFORCEMENT

The Compliance and Enforcement Branch has a vital duty to ensure safety in oil and gas exploration, development and pipelines. The Branch monitors compliance with provincial and federal health, safety and environmental regulations, and the special conditions imposed on each permit.

Collaboration with First Nations, industry, and other government agencies allows the Compliance and Enforcement Branch to advance safe and efficient practices. One example of the collaboration in 2001-2002, by all parties involved was the well drilled by Murphy Oil in the Chicken Creek region of the Muskwa-Kechika Management area.

A COLLABORATIVE EFFORT IN THE CHICKEN CREEK AREA

Compliance with the permit conditions and terms of construction and drilling of this project were monitored collaboratively between the Ministry of Water, Land and Air Protection, Prophet River First Nation, Halfway River First Nation and the OGC.

The Chicken Creek project demonstrates that resource development can occur and be accessed through alpine, sub-alpine, and other delicate environments with minimal long-term surface disturbance.

CHICKEN CREEK ENVIRONMENTAL ACCESS TECHNIQUES

Murphy Oil Company Ltd. used machine-made snow for stream crossings and access roads. This allowed access to sites in low snow conditions with minimal disturbance.

The company was required to build a ramp access through creek beds and gullies. Ramps were made from machine-made snow and covered with shale. This technique allowed for shale removal upon project completion, with minimal ground cover disturbance.

The wellsite was snow-based and covered by a layer of filter cloth and shale. Each layer was carefully removed upon completion of drilling, leaving minimal evidence of long-term surface disturbance.

Photos courtesy of Kaizen Environmental Services Inc.

Madeline Oker, a member of the Doig River First Nation, attends the signing celebration of the consultation Agreement between Doig River First Nation, the Government of BC and the OGC, March 20, 2002.

CONSULTATION AND EDUCATION

CONSULTATION

AGREEMENTS WITH TREATY 8 FIRST NATIONS SIGNED

The OGC's involvement with Treaty 8 First Nation communities requires a collaborative approach between the Commission, First Nations and industry.

The Commission calls upon the wisdom of Aboriginal leaders and Elders for recommendations and advice on proposed oil and gas projects. Opportunity is provided to First Nation communities to identify concerns surrounding the project and any potential infringements of treaty rights.

This year the OGC joined the Treaty 8 First Nations and the Ministry of Energy and Mines to negotiate consultation Agreements. A Memorandum of Understanding was signed between the Government of BC, the OGC and West Moberly First Nations, Prophet River First Nation, and Blueberry River First Nations in October 2001. Agreements for consultation services were also ratified with Fort Nelson First Nation, Doig River First Nation, Saulteau First Nations and Halfway River First Nation between January and March, 2002.

The Memoranda of Understandings and Agreements define a process for consultation, application review timeframes and a funding framework.

EDUCATION

OPERATING CODES LAUNCHED IN 2001-2002

The Commission has a mandate to undertake programs of education and communication to advance the safe and prosperous development of oil and gas.

The OGC launched a series of operating codes to assist industry to achieve full compliance and protect the environment. The first operating code published was the Maximum Disturbance Review Criteria (MDRC). The document is a guideline for oil and gas construction contractors and service firms. The MDRC operating code encourages companies to reduce environmental impact and implement land-use and water management techniques in development plans and operational strategies.

WHAT THE OGC DELIVERS

Branch	*Responsibility*	*2001-2002 Output*
APPLICATIONS AND APPROVALS	Review applications related to oil, gas and pipeline activities. Authorize permits, which serve the public interest concerning environmental, economic and social impacts.	• Initiated General Development Permit pilot project • Created Maximum Disturbance Review Criteria Code and Guideline • Launched results based initiative and reorganized workspaces for improved efficiency and effectiveness
COMPLIANCE AND ENFORCEMENT	Ensure that petroleum resources are developed, maintained and transported in a safe, efficient and environmentally sound manner consistent with statutory requirements.	• Developed enhanced compliance and enforcement strategy • Completed second multi-agency oil and gas review • Launched a human resources initiative to recruit staff
ABORIGINAL RELATIONS AND LAND-USE PLANNING	Collaborate with First Nations to build relations with the government and the oil and gas industry. Consult with the First Nations communities about oil and gas industry activities and represent the technical aspects of the oil and gas sector in land-use and environmental planning processes.	• Negotiated renewed agreements between Provincial government, Treaty 8 First Nations and the OGC • Participated in the Dunlevy and Besa-Prophet Pre-tenure Planning Processes • Facilitated workshops between industry and Aboriginal communities
CORPORATE SERVICES	Develop, interpret and implement effective financial policy and procedures for OGC programs and facilities. Prepare the annual business plans; provide secretariat services for the Advisory Committee and Environment Fund and manage and implement information systems.	• Completed the first year of three-year Strategic Systems Plan • Facilitated development of OGC Service Plan • Developed and facilitated restructuring of OGC facilities
ENGINEERING AND GEOLOGY	Promote the conservation of the province's oil and gas resources through optimal development; ensure public safety; protect environment and fiduciary interests; protect the rights of tenure holders; maintain petroleum and natural gas resource inventories; and, provide technical data and information to industry.	• Approved Emergency Response Plans for 32 special sour wells • Contributed to the development of industry recommended practices, including Drilling Critical Sour Wells and Standards for Wellsite Supervision of Drilling • Maximized oil and gas recovery and eliminated flaring of solution gas at oil batteries
LEGISLATION, POLICY AND SPECIAL PROJECTS	Ensure development and maintenance of the long-term policy and legislation framework to enable the Commission to adapt and respond to new social, environmental and economic developments.	• Participated in government-industry task force to develop Forest Practices Code Guidebook on Fish-stream Crossings • Provided technical advice and support to the province and industry regarding statutes, regulations and policies • Prepared statutory changes to the *Petroleum and Natural Gas Act* and the *Oil and Gas Commission Act*
STAKEHOLDER RELATIONS AND COMMUNICATIONS	Coordinate external initiatives to encourage the participation of clients, First Nations and stakeholders in processes affecting them. Undertake programs of education to advance efficient regulatory delivery.	• Developed and consulted on the Public Involvement Guideline • Initiated a stakeholder outreach and educational program • Facilitated two alternative dispute resolution cases
COMMISSIONER'S OFFICE	Guide and support the OGC in fulfilling its mandate and in achieving its vision and core strategies.	• Collaborated with First Nations, clients and stakeholders to encourage shared involvement, improved regulatory clarity and increase single-window services and effectiveness

MISSION STATEMENT

"REGULATING OIL AND GAS ACTIVITY THROUGH FAIR, CONSISTENT, RESPONSIBLE AND TRANSPARENT STAKEHOLDER ENGAGEMENT FOR THE BENEFIT OF BRITISH COLUMBIANS; AND BY BALANCING ENVIRONMENTAL, ECONOMIC AND SOCIAL OUTCOMES"

OIL AND GAS COMMISSION STAFF 2001 - 2002

COMMISSIONER'S OFFICE

Derek Doyle, Commissioner
Rob McManus, Commissioner
Gary Miltenberger, Acting Deputy Commissioner
Joyce Beaudry, Acting Deputy Commissioner
Christine Richards, Executive Administrative Assistant
Stephanie Abbott, Auxiliary Administrative Assistant

STAKEHOLDER RELATIONS AND COMMUNICATIONS

Colleen Sweet, Manager, Stakeholder Relations
Corey Jonsson, Stakeholder Relations Advisor
Harleen Price, Stakeholder Relations Advisor

APPLICATIONS AND APPROVALS

Larry London, Director, Applications and Approvals Branch
Penny Buckler, Manager, Pipeline Spec Enactments
Scott Fraser, Oil and Gas Resource Officer
Chantel Poitras, Client Service Coordinator
Sharon Rosie, Application Review Manager, Lori Fast, Senior Land Administrator
Sherry Cantlon, Assistant Land Administrator
Renate Hambuechen, Oil and Gas Resource Officer
Tim Bennett, Oil and Gas Resource Officer
Margaret Fenton, Oil and Gas Resource Officer
Susan Paulsen, Administrative Resource Technician
Gordon Humphrey, Oil and Gas Resource Officer
Shelley Calder, Application Review Resource Officer
Rick Newlove, Manager, Oil and Gas Program Geophysical
James Gladysz, Manager, Oil and Gas Program
Kelly Harrison, Oil and Gas Resource Officer
Doug Royce, Oil and Gas Resource Officer
Randall Sweet, Oil and Gas Resource Officer
Annette Block, Oil and Gas Resource Officer
Cory Bettles, Oil and Gas Resource Officer
Kelly deCaux, Oil and Gas Resource Officer
Ramona Szyska, Oil and Gas Resource Officer
Devin Scheck, Oil and Gas Resource Officer
Margaret Fenton, Oil and Gas Resource Officer
Susan Paulsen, Administrative Resource Technician
Lorena Bennett, Examiner
Leesa Turner, Client Service Coordinator
Fiona Liebelt, Administrative Assistant
Shannon Hardy, Administrative Assistant
Nadine Epp, Client Service Coordinator
Carol Stevens, Assistant Land Administrator

ABORIGINAL RELATIONS AND LAND-USE

Tom Ouellette, Director, Aboriginal Relations and Land-Use
Ruth Christensen, Senior Aboriginal Program Specialist
Elaine Bottineau, Acting Aboriginal Liaison Communications Officer
Annette Loe, Senior Aboriginal Program Specialist
Jarvis Gray, Senior Aboriginal Program Specialist
Delia Christianson, Aboriginal Liaison Communications Officer
Wanda McDonald, Senior Aboriginal Program Specialist
Tamara Connell, Aboriginal Liaison Communications Officer, Intern
Ben Lawrence, Aboriginal Liaison Communications
Sherry Dominic, Aboriginal Liaison Communications
Vera Brandzin, Manager, Heritage Conservation Program
Bruce Dahlstrom, Heritage Conservation Program Officer
Brenda Malesku, Client Service Coordinator
Jennifer Beebe, Administrative Assistant
Lindsay Oliver, Auxiliary Heritage Conservation Program Officer
Sheila Tompkins, Administrative Assistant

CORPORATE SERVICES

Scott Wisdahl, Director, Corporate Services
Andrea Wood, Manager, Finance and Administration
Michael Wood, Manager, Information Systems
David Ross, Manager, Financial Planning
Mindy Jackle, Administrative Assistant
Cheryl Scott, Records Clerk Assistant
Dana Warner, Information and Privacy/Records Management Analyst
Tammy Walsh, Finance Clerk
June Polson, Finance Clerk
Jody Sutherland, Finance Clerk
Ron Perdue, Finance Clerk
Pat McChesney, End User Support Technician
Grant Fox, GIS Coordinator
Bev Leighton, Auxiliary Record Clerk

COMPLIANCE AND ENFORCEMENT

Ben Mitchell-Banks, Acting Director of Compliance and Enforcement
Richard Caesar, Manager, Pipeline, Safety and Engineering
Bruce Cazes, Manager, Exploration and Development Inspection
Jack Cann, Manager, Northern Operation
Chris Wagner, Operations Inspector Pipelines
Tracy Thompson, Operations Inspector
Len Barteaux, Operations Inspector
Frank Schneider, Operations Inspector
Les Glenn, Operations Inspector
Michael O'Shea, Operations Inspector
Noelle Valliere, Wellsite Reclamation Technician
Heidi Elias-Bertrim, Administrative Assistant
Gord Jones, Operations Inspector
Lee Denison, Operations Inspector
Rainer Hofmeister, Operations Inspector
Gord Hockridge, Operations Inspector
Roxanne Giguere, Auxiliary Client Services Coordinator
Sandra Richardson, Auxiliary Administrative Assistant
Andrea Osterlund, Data Entry Clerk

ENGINEERING AND GEOLOGY

Dave Krezanoski, Manager, Operations Engineering
Richard Slocomb, Senior Production Engineer
Don Buckland, Senior Drilling Engineer
George Holland, Facilities Technician
Shannon Patterson, Operations Engineering Technician

RESERVOIR ENGINEERING AND GEOLOGY, VICTORIA

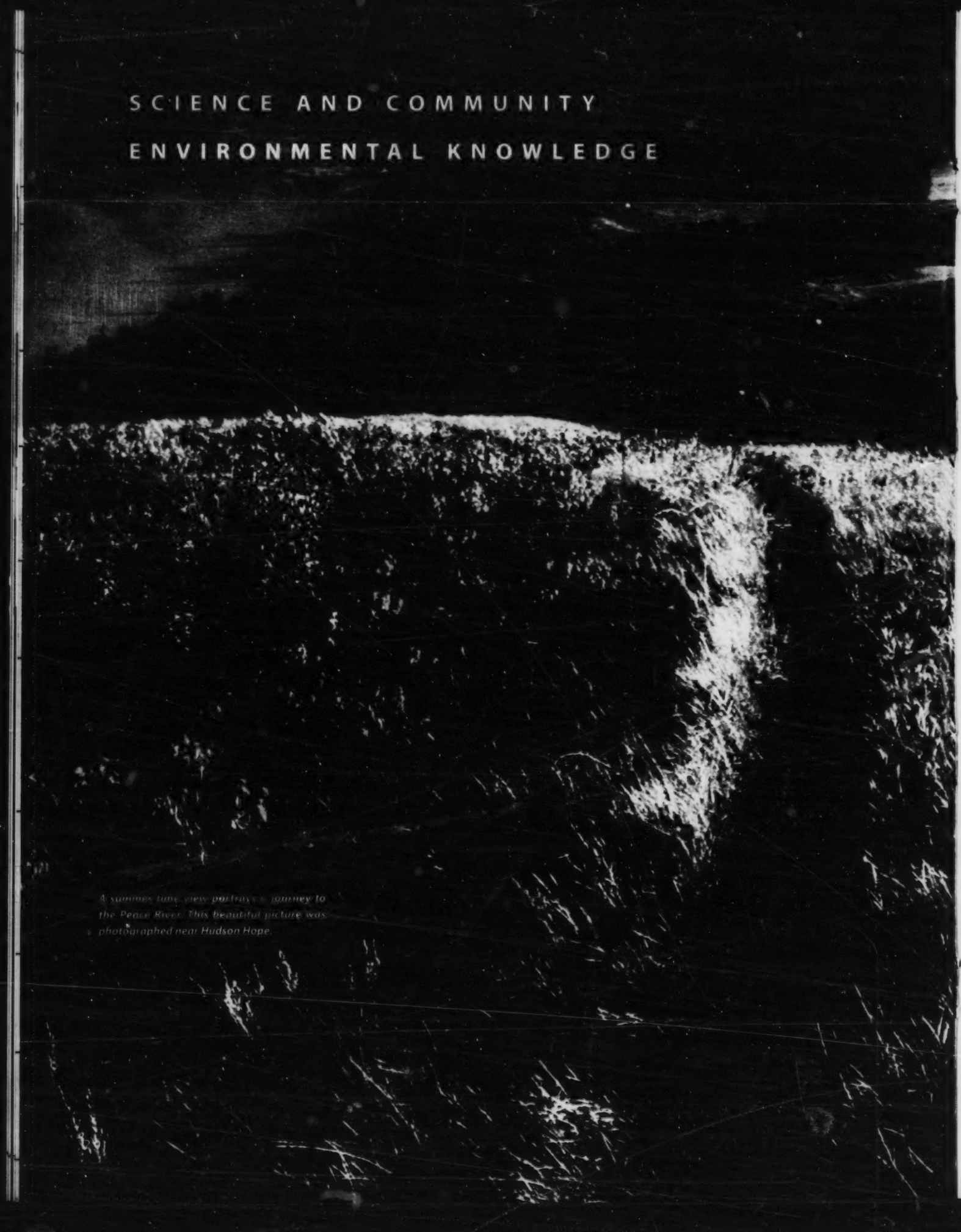
Peter Attariwala, Supervisor, Reservoir Engineering
Pierino Chicorelli, Engineering Technician
Dan Walker, Senior Petroleum Geologist
Ron Stefik, Senior Reservoir Engineering Technician
Glynis Farr, Senior Reservoir Technician
Craig Gibson, Manager, Engineering and Geology
Doug McLean, Senior Petroleum Geologist
Jeff Johnson, Senior Petroleum Geologist
Chris Grieve, Reservoir Technician
June Baker, Auxiliary Senior Petroleum Geologist
Kate LaVertu, Administrative Assistant

LEGISLATION, POLICY AND SPECIAL PROJECTS

Ken Kadonaga, Director of Legislation, Policy and Special Projects
Bill Bayrak, Senior Technical Advisor
Doug McKenzie, Senior Technical Advisor
Peter Davis, Senior Engineering Advisor
Jim Colgan, Senior Engineering Advisor
Michaele Freeman, Administrative Assistant

SCIENCE AND COMMUNITY

ENVIRONMENTAL KNOWLEDGE



A summer time view portrays a journey to the Peace River. This beautiful picture was photographed near Hudson Hope.

ANNUAL UPDATE FROM THE ADVISORY COMMITTEE

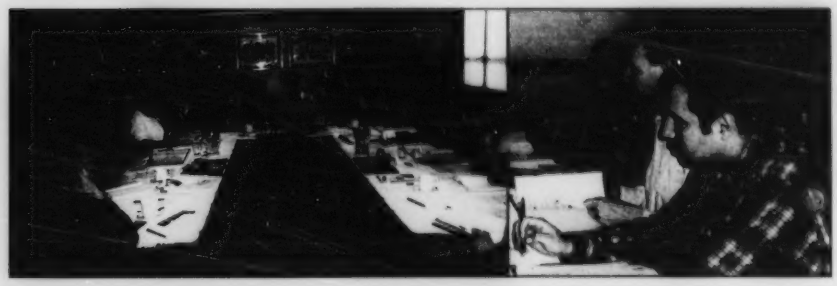
The legislative mandate of the Oil and Gas Commission Advisory Committee is to provide advice to the Commission on policy; budgetary issues; business and strategic planning; development of information system capacity; and, financial statements.

The Committee's highlights and accomplishments for 2001-2002 include:

- Review the Commission's Performance Plan for 2001-2004
- Review of proposed changes to the OGC Environment Fund
- Provide input to the Minister about the Core Review
- Establishment of the internal processes to deal with Applications for Reconsideration
- Provide advice to the Commission regarding its budget plan and its Service Plan for 2002-2005
- Review of the Commission's work on mitigation of conflicting tenures
- Recommendation to fund five Environment Fund projects

The members of the Advisory Committee for 2001 - 2002 are Bob Fedderly, Chair; Jackie Allen, Vice-Chair; David Luff, Wayne Sawchuk, Chris Bakker and Carylin Greatbanks.

The OGC Advisory Committee's annual meeting was held May 2-3, 2002. Several topics were discussed, including the OGC Service Plan. Pictured here are (from left to right), David Luff, Jackie Allen, Wayne Sawchuk, Carylin Greatbanks, Chris Bakker and Derek Doyle. Bob Fedderly was absent for the photo.



A round table discussion is held at the Advisory Committee meeting. Oil and Gas Commissioner Derek Doyle (far left) looks on.

Advisory Committee members, Carylin Greatbanks, David Pryce (newly appointed) and Chris Bakker participate in a discussion on the conflicting tenures initiative.

$1.5 MILLION FOR ENVIRONMENT FUND RESEARCH THIS YEAR

More than $1.5 million from the OGC Environment Fund was allocated to research in 2001 - 2002. The fund financially supports and facilitates science, technological innovations and demonstration of findings on environmental issues related to oil and gas exploration and development in BC.

There have been 17 projects funded since 1998. The principle areas of research are:

1. Reduction of sour gases and air quality monitoring
2. Understanding and management of cumulative impacts
3. Mitigating the potential impacts on ecosystem integrity

	Project Title	*Project Goals*
SOUR GAS / AIR QUALITY MONITORING	Natural gas losses at upstream oil and gas facilities	Benchmark sensible reductions in greenhouse gas emissions
	Improved methods of air quality modeling	Facilitate better monitoring of pollution concentrations in surrounding areas
	Applicability of modeled site-specific meteorological data to well test flaring assessments in BC	Develop procedures and methods of air quality modeling in the foothills of northeastern BC
	Impacts of sour gas flaring on vegetation in northeastern BC	Inventory of vegetation in response to flaring
	Determination of sour gas and hydrogen sulphide threshold levels on the mammalian brain	Evaluate hydrogen sulphide exposure guidelines to prevent and prescribe health impacts
	Applicability of the Maxxam all-season passive sampling system to the management of H^2S in northeastern BC	Applicability of the Maxxam all-season passive sampling system to the management of H^2S in northeastern BC
	All-season passive sampling system for monitoring benzene, toluene, ethyl benzene and xylenes in the air	Develop an all-season passive sampling system (MBPSS) for conducting cost-effective and accurate air monitoring
	Assessment of atmospheric sulphur deposition to, and proportion of sulphur in, surrounding ecosystems due to sour gas emissions	Determine the feasibility of quantifying the effects from multiple sour gas emissions on a forested ecosystem using stable isotope techniques
	Western Canada animal health study	Study health effects associated with exposure to emissions from oil and natural gas field facilities
CUMULATIVE IMPACT RESEARCH	Overview of fish and habitat inventory	Systematic description of fish and fish habitat distribution in watersheds
	Soil productivity and forest regeneration success on reclaimed oil and gas sites	Determine the effectiveness of previous efforts to restore soil productivity on abandoned well sites, seismic lines, and access roads in the Dawson Creek area of northeastern BC
	Foothills model forest Grizzly Bear research project	Provide resource managers with information and planning tools to ensure the long-term conservation of Grizzly Bears
	Northeastern BC Boreal Caribou study	Establish baseline ecological information on the BC Boreal Caribou
ECOSYSTEM INTEGRITY RESEARCH	Acid gas absorption by coal	Assess environmental and economic alternative of waste gas disposal injection into coal seams. The research will also evaluate the potential for co-producing coalbed methane
	Development of a practical framework for cumulative effects assessment and management for northeastern BC	Develop a practical framework for cumulative effects assessment and management for northeastern BC
	Cumulative effects case studies	Provide a detailed assessment of cumulative effects in two representative areas in northeastern BC
	Helicopter drilling	Study the costs, benefits and feasibility of helicopter supported well drilling operations in environmentally sensitive areas

$1.5 MILLION FOR ENVIRONMENT FUND RESEARCH THIS YEAR

More than $1.5 million from the OGC Environment Fund was allocated to research in 2001 - 2002. The fund financially supports and facilitates science, technological innovations and demonstration of findings on environmental issues related to oil and gas exploration and development in BC.

There have been 17 projects funded since 1998. The principle areas of research are:

1. Reduction of sour gases and air quality monitoring
2. Understanding and management of cumulative impacts
3. Mitigating the potential impacts on ecosystem integrity

Project Title	*Project Goals*
Natural gas losses at upstream oil and gas facilities	Benchmark sensible reductions in greenhouse gas emissions
Improved methods of air quality modeling	Facilitate better monitoring of pollution concentrations in surrounding areas
Applicability of modeled site-specific meteorological data to well test flaring assessments in BC	Develop procedures and methods of air quality modeling in the foothills of northeastern BC
Impacts of sour gas flaring on vegetation in northeastern BC	Inventory of vegetation in response to flaring
Determination of sour gas and hydrogen sulphide threshold levels on the mammalian brain	Evaluate hydrogen sulphide exposure guidelines to prevent and prescribe health impacts
Applicability of the Maxxam all-season passive sampling system to the management of H^2S in northeastern BC	Applicability of the Maxxam all-season passive sampling system to the management of H^2S in northeastern BC
All-season passive sampling system for monitoring benzene, toluene, ethyl benzene and xylenes in the air	Develop an all-season passive sampling system (MBPSS) for conducting cost-effective and accurate air monitoring
Assessment of atmospheric sulphur deposition to, and proportion of sulphur in, surrounding ecosystems due to sour gas emissions	Determine the feasibility of quantifying the effects from multiple sour gas emissions on a forested ecosystem using stable isotope techniques
Western Canada animal health study	Study health effects associated with exposure to emissions from oil and natural gas field facilities
Overview of fish and habitat inventory	Systematic description of fish and fish habitat distribution in watersheds
Soil productivity and forest regeneration success on reclaimed oil and gas sites	Determine the effectiveness of previous efforts to restore soil productivity on abandoned well sites, seismic lines, and access roads in the Dawson Creek area of northeastern BC
Foothills model forest Grizzly Bear research project	Provide resource managers with information and planning tools to ensure the long-term conservation of Grizzly Bears
Northeastern BC Boreal Caribou study	Establish baseline ecological information on the BC Boreal Caribou
Acid gas absorption by coal	Assess environmental and economic alternative of waste gas disposal injection into coal seams. The research will also evaluate the potential for co-producing coalbed methane
Development of a practical framework for cumulative effects assessment and management for northeastern BC	Develop a practical framework for cumulative effects assessment and management for northeastern BC
Cumulative effects case studies	Provide a detailed assessment of cumulative effects in two representative areas in northeastern BC
Helicopter drilling	Study the costs, benefits and feasibility of helicopter supported well drilling operations in environmentally sensitive areas

Pictured here is a Dav-Jor Contracting employee during oil and gas construction phases in Ladyfern.
Photo courtesy of CNRL

Fort Nelson First Nation Chief Councillor Liz Logan and McLeod Lake Indian Band Chief Alex Chingee share food and conversation with the Premier, the Honourable Gordon Campbell, January 16, 2002.

Prophet River First Nation Chief Liza Wolf speaks about the importance of long-term solutions at the Premier's Luncheon with Treaty 8 Chiefs, January 16, 2002.

THE TREATY 8 FIRST NATION CHIEFS AND COUNCILS

BLUEBERRY RIVER FIRST NATIONS
Chief: *Malcolm Apsassin*
Councillors: *Joe Apsassin, Lana Wolf, Wayne Yahey*

DOIG RIVER FIRST NATION
Chief: *Garry Oker*
Councillors: *Michael Acko, Trevor Makadahay*

FORT NELSON FIRST NATION
Chief Councillor: *Liz Logan*
Councillors: *Sally Behn, Roberta Capot-Blanc, Raymond Needlay, George Behn*

HALFWAY RIVER FIRST NATION
Chief: *Joyce Morin*
Councillors: *John Achla-Wokeley, Russell Lilly*

MCLEOD LAKE INDIAN BAND
Chief: *Alex Chingee*
Councillors: *Sharon Solonas, Tania Solonas, Betty Solonas, Harley Chingee, Max Tylee*

PROPHET RIVER FIRST NATION
Chief: *Liza Wolf*
Councillors: *Lorraine Chipesia, Loretta McAllister*

SAULTEAU FIRST NATIONS
Chief Councillor: *Allan Apsassin*
Councillors: *Stewart Cameron, Henriette Landry, Lisa Taylor, Tammy Watson*

WEST MOBERLY FIRST NATIONS
Chief: *Roland Willson*
Councillors: *Diane Abel, Taryn Dokkie, Bill Burgess, Eugene Stanyer*

TREATY 8 FIRST NATIONS: SUCCESS AND LEARNING IN 2001- 2002

MAY 2001

- Doig Days, an annual celebration, is hosted by Doig River First Nation.

AUGUST 2001

- The Summer Gathering is hosted by the Fort Nelson First Nation. Representatives from Treaty 8 First Nations, industry and government gather for three days of information sharing and fellowship.
- Derek Doyle joins as Commissioner of the Oil and Gas Commission. His first priority is to visit with the Treaty 8 First Nations.
- Some members of the Blueberry River First Nations object to oil and gas production facility operations near the Blueberry River community, due to concerns about air quality. The operator is found to be in full compliance with provincial health and safety regulations. The community and the operator initiate discussions about operations near the Blueberry River community.
- Some members of the Halfway River First Nation are concerned about impact from oil and gas activities on their traditional camp areas. A sign is erected by the community members to prevent access to the proposed pipeline development site. The company meets with the Halfway community members to discuss the situation, and honours the "no access request".

SEPTEMBER 2001

- September 11. We mourn the terrorist attack on the United States. Fort Nelson's Oil and Gas Conference, "Fueling the Future", is postponed until October.

OCTOBER 2001

- The Memorandum of Understanding is signed between the Government of BC, Blueberry River First Nations, West Moberly First Nations, Prophet River First Nation and the OGC.
- The Town of Fort Nelson hosts "Fueling the Future" Conference. Chief Councillor Liz Logan of Fort Nelson First Nation addresses delegates.
- The Minister of Energy and Mines, the Honourable Richard Neufeld hosts a breakfast meeting with Treaty 8 Chiefs in Fort Nelson, as part of the conference.

NOVEMBER 2001

- Chief Malcolm Apsassin is elected as Chief in Blueberry River First Nations' election.
- Chief Garry Oker is elected as Chief in Doig River First Nation election.

DECEMBER 2001

- Chief Joyce Morin is elected as Chief in Halfway River First Nation election.

Blueberry River First Nations' Chief Malcolm Apsassin speaks with the local media about air quality in August 2001.

Photo courtesy of Alaska Highway Daily News

THE TREATY 8 FIRST NATION CHIEFS AND COUNCILS

BLUEBERRY RIVER FIRST NATIONS
Chief: *Malcolm Apsassin*
Councillors: *Joe Apsassin, Lana Wolf, Wayne Yahey*

DOIG RIVER FIRST NATION
Chief: *Garry Oker*
Councillors: *Michael Acko, Trevor Makadahay*

FORT NELSON FIRST NATION
Chief Councillor: *Liz Logan*
Councillors: *Sally Behn, Roberta Capot-Blanc, Raymond Needlay, George Behn*

HALFWAY RIVER FIRST NATION
Chief: *Joyce Morin*
Councillors: *John Achla-Wokeley, Russell Lilly*

MCLEOD LAKE INDIAN BAND
Chief: *Alex Chingee*
Councillors: *Sharon Solonas, Tania Solonas, Betty Solonas, Harley Chingee, Max Tylee*

PROPHET RIVER FIRST NATION
Chief: *Liza Wolf*
Councillors: *Lorraine Chipesia, Loretta McAllister*

SAULTEAU FIRST NATIONS
Chief Councillor: *Allan Apsassin*
Councillors: *Stewart Cameron, Henriette Landry, Lisa Taylor, Tammy Watson*

WEST MOBERLY FIRST NATIONS
Chief: *Roland Willson*
Councillors: *Diane Abel, Taryn Dokkie, Bill Burgess, Eugene Stanyer*

TREATY 8 FIRST NATIONS: SUCCESS AND LEARNING IN 2001- 2002

MAY 2001

- Doig Days, an annual celebration, is hosted by Doig River First Nation.

AUGUST 2001

- The Summer Gathering is hosted by the Fort Nelson First Nation. Representatives from Treaty 8 First Nations, industry and government gather for three days of information sharing and fellowship.
- Derek Doyle joins as Commissioner of the Oil and Gas Commission. His first priority is to visit with the Treaty 8 First Nations.
- Some members of the Blueberry River First Nations object to oil and gas production facility operations near the Blueberry River community, due to concerns about air quality. The operator is found to be in full compliance with provincial health and safety regulations. The community and the operator initiate discussions about operations near the Blueberry River community.
- Some members of the Halfway River First Nation are concerned about impact from oil and gas activities on their traditional camp areas. A sign is erected by the community members to prevent access to the proposed pipeline development site. The company meets with the Halfway community members to discuss the situation, and honours the "no access request".

SEPTEMBER 2001

- September 11. We mourn the terrorist attack on the United States. Fort Nelson's Oil and Gas Conference, "Fueling the Future", is postponed until October.

OCTOBER 2001

- The Memorandum of Understanding is signed between the Government of BC, Blueberry River First Nations, West Moberly First Nations, Prophet River First Nation and the OGC.
- The Town of Fort Nelson hosts "Fueling the Future" Conference. Chief Councillor Liz Logan of Fort Nelson First Nation addresses delegates.
- The Minister of Energy and Mines, the Honourable Richard Neufeld hosts a breakfast meeting with Treaty 8 Chiefs in Fort Nelson, as part of the conference.

NOVEMBER 2001

- Chief Malcolm Apsassin is elected as Chief in Blueberry River First Nations' election.
- Chief Garry Oker is elected as Chief in Doig River First Nation election.

DECEMBER 2001

- Chief Joyce Morin is elected as Chief in Halfway River First Nation election.

Blueberry River First Nations' Chief Malcolm Apsassin speaks with the local media about air quality in August 2001.
Photo courtesy of Alaska Highway Daily News

The Government of BC and the Prophet River First Nation, West Moberly First Nations and Blueberry River First Nations celebrate the signing of the Memorandum of Understanding on October 23, 2002. A luncheon was held to commemorate the event. Shown here are (left to right) Oil and Gas Commissioner Derek Doyle; Prophet River First Nation Chief Liza Wolf; Blueberry River First Nations past Chief Norman Yahey; West Moberly First Nations Chief Roland Willson and, the Minister of Energy and Mines, the Honourable Richard Neufeld.

JANUARY 2002

- The Treaty Negotiation Office and the Treaty 8 First Nations work on establishing a table to initiate discussions on treaty related issues.
- The Treaty 8 Chiefs, Councillors and Elders break bread with the Premier of British Columbia, Honourable Gordon Campbell and the Minister of Energy and Mines, Honourable Richard Neufeld. Other provincial cabinet Ministers joining in the fellowship include Minister of Attorney General and Treaty Negotiations Geoff Plant; Minister of Water, Land and Air Protection Joyce Murray; Minister of Finance Gary Collins, Minister of Competition, Science and Enterprise Rick Thorpe; Minister of Sustainable Resource Management Stan Hagen; Minister of Skills Development and Labor Graham Bruce; Minister of State for Community Charter Ted Nebbeling; Minister of Management Services Sandy Santori; Minister of State for Deregulation Kevin Falcon; and, Minister of State for Intermediate, Long Term and Home Care Katherine Whittred. The master of ceremonies was Oil and Gas Commissioner, Derek Doyle.
- Fort Nelson First Nation, Saulteau First Nations and Halfway River First Nation signed a consultation Agreement with the Government of BC and the OGC.

FEBRUARY 2002

- West Moberly First Nations Chief Roland Willson hosts Treaty 8 First Nation Chiefs, government and industry.

MARCH 2002

- Doig River First Nation signs a consultation Agreement with the Government of BC and the OGC.

The West Moberly First Nations community hosted the Treaty 8 First Nation Chiefs and industry. Pictured above are Chief Roland Willson (from left to right), Chief Liza Wolf, Chief Councillor Liz Logan and Chief Garry Oker.

The Minister of Energy and Mines, Honourable Richard Neufeld greets Chief Joyce Morin of Halfway River First Nation, January 16, 2002. Looking on are Chief Councillor Liz Logan of Fort Nelson First Nation, Elder May Apsassin of Blueberry River First Nations and Councillor Lana Wolf of Blueberry River First Nations.

The Premier, the Honourable Gordon Campbell, is pictured here meeting with Elder Mary-Ann Maas of Blueberry River First Nations during the Premier's Luncheon, January 16, 2002.

PROFILING THE ROLE OF TREATY 8 ELDERS: MARRYING TRADITIONAL KNOWLEDGE AND RESOURCE MANAGEMENT

One goal for the OGC annual report is to educate about the importance of environmental monitoring and community development in the oil and gas sector. A number of profiles are in the annual report. We celebrate the role of Elders in the community and in the protection of environment and wildlife.

The Commission would like to thank the Elders for sharing their knowledge and insights:

- *Chief Garry Oker and Elder Sam Acko, Doig River First Nation*
- *Chief Joyce Morin and Elder Charlie Butler, Halfway River First Nation*
- *Chief Roland Willson and Elders Max Desjarlais and Andy Miller, West Moberly First Nations*

To benefit from the Elders' knowledge, the Commission asked a number of questions:

1. Why is an Elder's knowledge important to the First Nations and to protecting the environment?
2. Is there an example of how First Nations communities use an Elder's knowledge when monitoring oil and gas development?
3. How can the OGC improve its relationships with First Nations?

SAM ACKO
ELDER, DOIG RIVER FIRST NATION

"Elders know about areas that are important to the community such as spiritual areas, also where medicine plants grow, burial sites and old village sites. Elders identify these areas to industry so they will not be destroyed. Elders also know areas that are good for hunting and trapping.

Industry tells us that Muskeg is not important. It is important to us. It produces water for creeks and lakes. Muskeg is like a filter for water, moose also use Muskeg areas for calving. We use Muskeg tea for drinking and medicinal use. There are certain berries that will only grow in Muskeg.

Elders are like books for the community. I learned lots from our Elders. I was taught how to make drums and other things. We are taught how to survive on the land in all seasons. I also learned traditional stories from our Elders. I will tell the same story several times, so our children will not forget, and not leave any words out of the story, or add new ones. This is how we pass on our teachings, the same way I was taught.

The OGC needs to make sure that Elders are involved for all the reasons I have said. Our community still uses the land. We need to make sure some areas are protected."

CHARLIE BUTLER
ELDER, HALFWAY RIVER FIRST NATION

"Oil and gas companies are coming to the community rather than people traveling out of the area. This is good. Elders talk about everything. Elders know the area. They are more relaxed at home than in the city. For example: We used to use a walking trail—the trail is from Chowade to Ingineka. Long ago the Halfway members lived up on Stoney Flats, in Chowade and traveled by packhorses to the reserve to go to school.

We travel in a helicopter to scout sites and Elders are asked for feedback on the area because Elders know the area. This is what Elders are relied upon for.

Talk to the Elders. They do not want to be audio recorded, no video recordings, just written only."

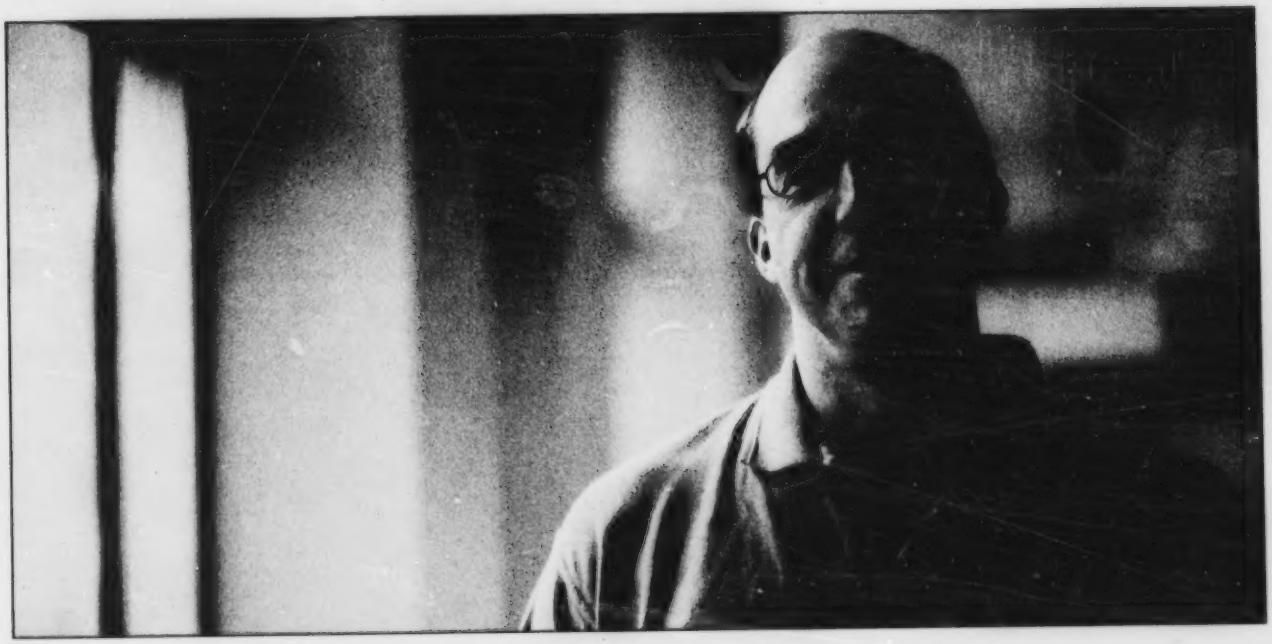
MAX DESJARLAIS AND ANDY MILLER
ELDERS, WEST MOBERLY FIRST NATIONS

"The Elders pass their knowledge to the younger members of the community: history; sacred grounds; wildlife for food purposes; water management; medicinal plants; and, vegetation. The Elders teach us how to live in the bush, and how to survive if you do not have all the modern conveniences. According to the Elders when you make decisions you should be taking into consideration seven future generations.

Having an Elder go out and monitor a development is extremely important. Most of the Elders cannot read maps. They know the land by being on the land, by the markings surrounding the areas. They have traveled these areas so often on foot, they know them by sight. When you take an Elder to a site, they will tell you where the waterways are; where there is a moose lick; and, whether they have traveled there in the past and camped, etc. They will show you medicinal plants and explain what they are and how to pick them. They will tell you that picking the herb is a spiritual and sacred practice, we take from Mother Earth and we must give back to her for her gifts. They will give you the history of the area.

Companies should invite Elders to physically go to the sites, not just fly over. GPS equipment should be used to mark areas where Elders have concerns, so that other interested parties will know in advance of these concerns."

A PERSPECTIVE FROM INDUSTRY: ENVIRONMENTAL STEWARDSHIP, SUSTAINING OUR FUTURE



IN THE RECOGNITION OF UNITY, THE OGC ALSO PROFILES AN INDUSTRY PERSPECTIVE ON THE IMPORTANCE OF ENVIRONMENTAL EXCELLENCE AND RELATIONSHIP BUILDING. THE CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS (CAPP) PRESIDENT PIERRE ALVAREZ COMMENTS ON INDUSTRY'S SUCCESS WITH CAPP'S ENVIRONMENT, HEALTH AND SAFETY STEWARDSHIP INITIATIVE.

The Canadian Association of Petroleum Producers (CAPP) represents 140 companies that explore for, develop and produce over 97% of Canada's natural gas and crude oil. CAPP also has 125 associate member companies that provide a wide range of services that support the upstream oil and natural gas industry. Together these members are an important part of a $52 billion-a-year national industry that affects the livelihoods of more than a half million Canadians.

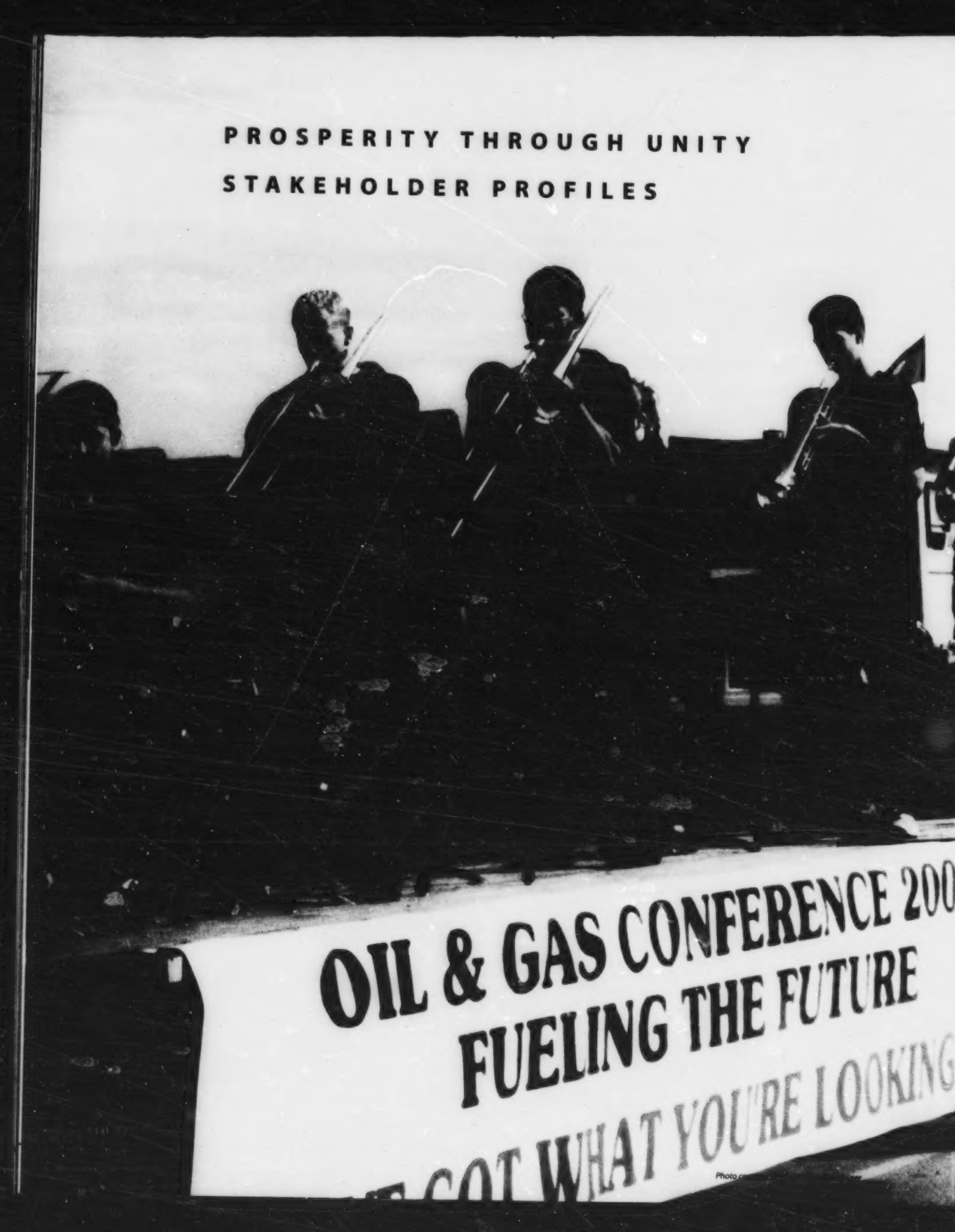
CAPP's Environment, Health and Safety (E, H & S) Stewardship initiative facilitates and enhances the sustainability of the Canadian petroleum industry by balancing the three pillars of sustainable development - the environment, economy and society. This is done through:

- Improved operations
- Consultation with stakeholders and governments
- Complying with regulation and recommended operating practices
- Reporting performance, and
- Verifying the effectiveness of E, H & S performance

CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS

"These are exciting times for CAPP and our members. The pace of change within Canada's oil and natural gas industry has accelerated. While the industry expands into new geographic areas and activity grows, we haven't lost sight of our commitment to protecting the environment. For CAPP, stewardship is not just the right thing to do - it's part of sustaining the industry's future."

PROSPERITY THROUGH UNITY
STAKEHOLDER PROFILES



THE OIL AND GAS CONFERENCE 2001: FUELING THE FUTURE

FORT NELSON CELEBRATED THE OIL AND GAS SECTOR WITH STAKEHOLDERS, FIRST NATIONS, THE OIL AND GAS INDUSTRY AND GOVERNMENT, OCTOBER 18-21, 2001. THE TOWN WAS HOST TO THE "FUELING THE FUTURE" CONFERENCE.

More than 350 people traveled to BC's northern community to network, project plan and debate important issues. The conference featured both a corporate and community program. Some of the highlights included:

- A panel discussion including Fort Nelson First Nation Chief Councillor Liz Logan; Oil and Gas Commissioner, Derek Doyle; Minister of Energy and Mines, the Honourable Richard Neufeld; Minister of State for Deregulation, the Honourable Kevin Falcon, and Deputy Minister of Treaty Negotiations, Philip Steenkamp.
- Guest speaker appearances by Bruce Scott, Duke Energy; and, Mike Graham, EnCana Corporation
- An appearance by comedian Russel Roy
- "Oilman of the Year" award presentation to the family of Ed Cooper
- Reverse Business Fair
- Community tradeshow and parade
- Food and fellowship

Linda Wallace, Co-Chair and Director of Development Services for the Northern Rockies Regional District shared her observations with the Oil and Gas Commission about the successes and learnings about the conference:

"Fort Nelson established itself in the minds of industry as an active player; as a community that values the industry; understands its issues and needs; and, that wants to be a partner to them in Northeast BC. The community showcased itself to industry about the corporate and operational levels. We demonstrated the true extent and depth of goods and services available.

Our efforts facilitated an excellent level of interaction between producers, the service industry, provincial and municipal governments, First Nations, and the local oil and gas service sector."

Additional Information:

The oil and gas conferences are yearly events hosted in British Columbia. Fort St. John had the opportunity to host the conference in 1999 and 2000; Fort Nelson played host in 2001.

Fort St. John is currently planning the 2002 Oil and Gas Conference, "Prosperity Through Unity". For more information contact the City of Fort St. John at: (250) 787-8150

2002 Graduates of Fort Nelson Senior Secondary, Dione Lynch (left) and Santana Behn volunteer for a Fueling the Future reception.

The Fort Nelson Oil and Gas Conference provided many networking opportunities for government, industry and the community. Pictured here are Northern Rockies Regional District Mayor, Harry Clarke (left) and the North West Territories Minister of Education, Culture and Employment, the Honourable Jake Ootes.

The Town of Fort Nelson hosted a golf tournament for the Oil and Gas Conference. The winners of the tournament include Rick Williams and Mike Doyle.

An equipment parade was part of the "Fueling the Future" celebrations. Pictured here is Ann LeBreton, owner of CDR First Aid Services.

STAKEHOLDER INSIGHTS

In recognition of the important role clients and stakeholders have in fulfilling our regulatory duty, the Commission concludes the 2001-2002 Annual Report with a celebration of **Prosperity Through Unity**.

We acknowledge the input of clients and stakeholders – and take up the challenge for continuous improvement in our business delivery throughout the year ahead. The OGC will report back in 2002-2003.

VICTOR BRANDL
OWNER OF VE BRANDL LTD

What are the opportunities for the future of oil and gas development in BC?

"I believe opportunities for growth and prosperity are exceptionally good in all sectors and communities serving the oil and gas development areas. Growth for the province as a whole is good from increased revenue generated from oil and gas. All the major infrastructure to deliver natural gas to markets is now in place. This will result in increased activity for the foreseeable future."

How can the OGC improve upon its regulatory delivery?

- *"Timely processing of applications for exploration and development*
- *Increase single-window approvals, ie. approvals for sump fluid and other substances should be issued by the OGC*
- *Resolve aboriginal treaty issues*
- *Reduce red tape"*

How can the OGC better serve your organization/group?

"Keep open good lines of communication with industry, the local service sector in particular, and First Nations. There has been a noticeable improvement in this area during the past six months."

What does "Prosperity Through Unity" mean to you? Is it important to oil and gas in BC?

"Prosperity Through Unity means a united society to deal with all industry development for the benefit of all British Columbians, including Aboriginal people and the industry developers."

PHIL CHATTERS
OIL AND GAS FIELD OPERATOR INSTRUCTOR,
NORTHERN LIGHTS COLLEGE

What are the opportunities for the future of oil and gas development in BC?

"Future demand for hydrocarbon fuels will be high so the search for, and discovery, of new sources will continue."

How can the OGC improve upon its regulatory delivery?

"Fast, quality decision-making."

How can the OGC better serve your organization/group?

"The OGC can work with the Northern Lights College and industry to help develop appropriate, focused training programs."

What does "Prosperity Through Unity" mean to you? Is it important to oil and gas in BC?

"Working together for a better, more prosperous future. Teamwork is always more productive."

CHERYL ERICKSON
GENERAL MANAGER, NORTHERN GRAND

What are the opportunities for the future of oil and gas development in BC?

"Continued growth and expansion of communities like Fort St. John."

How can the OGC improve upon its regulatory delivery?

"Round off the edges of bureaucracy. We want it to be known, we're definitely 'open for business'."

What does "Prosperity Through Unity" mean to you? Is it important to oil and gas in BC?

"Prosperity Through Unity means co-operation, respect and communication. It's definitely important, when we consider the impact it can have on the community as a whole."

STEVE THORLAKSON
MAYOR, CITY OF FORT ST. JOHN

What are the opportunities for the future of oil and gas development in BC?

"Tremendous! Ladyfern has increased the attention paid to our area and we will all benefit."

How can the OGC improve upon its regulatory delivery?

"Continue to enhance the "one-window" approach."

What does "Prosperity Through Unity" mean to you? Is it important to oil and gas in BC?

"By working together, industry, communities, workers and First Nations, can all benefit."

SHIRLEY VIENS
MEMBER, PEACE RIVER WOMEN'S INSTITUTE AND PROPRIETOR OF THE CRAYON BOX

What are the opportunities for the future of oil and gas development in BC?

"Great if opportunities to drill and explore are handled in a timely, efficient manner."

How can the OGC improve upon its regulatory delivery?

"Landowners should be signing off on a checklist, as is done in Alberta, before authorization to drill is given."

How can the OGC better serve your organization/group?

"Annual workshops and seminars provided for landowners."

INFORMATION RESOURCES

GOVERNMENT MINISTRIES AND AGENCIES:

Ministry of Energy and Mines
http://www.gov.bc.ca/em
Tel: (250) 952-0123

Ministry of Sustainable Resource Management
http://www.gov.bc.ca/srm
Tel: (250) 387-1772

Ministry of Water Land and Air Protection
http://www.gov.bc.ca/wlap
Tel: (250) 387-9422

Ministry of Forests
http://www.gov.bc.ca/for
Tel: (250) 387-5255

Ministry of Agriculture, Food and Fisheries
http://www.gov.bc.ca/agf
Tel: (250) 387-5121

Mediation and Arbitration Board
Tel: (250) 787-3403

Native Economic Development Advisory Board
http://www.mcaws.gov.bc.ca/nedab/index.html
Tel: (250) 387-7912

INDUSTRY ASSOCIATIONS:

Canadian Association of Petroleum Producers
http://www.capp.ca
Tel: (403) 267-1100

Canadian Association of Geophysical Contractors
http://www.cagc.ca
Tel: (403) 265-0045

Northern Society of Oilfield Contractors and Service Firms
http://www.nsocsf.org
Tel: (250) 827-3649

Small Explorers Petroleum Association of Canada
http://www.sepac.ca
Tel: (403) 269-3454

Petroleum Services Association of Canada
http://www.psac.ca
Tel: (403) 264-4195

Canadian Association of Oilwell Drilling Contractors
http://www.caodc.ca
Tel: (403) 264-4311

Canadian Energy Pipeline Association
http://www.cepa.com/index.html
Tel: (403) 221-8777

TRAINING:

Northern Lights College
http://www.nlc.bc.ca
Tel: (250) 785-6981

Petroleum Industry Training Institute
http://www.pits.ca
Tel: 1-800-667-5557

First Nation Employment and Training Centre
http://www.fnet.ca/fnet.htm
Tel: (403) 238-7220

EMPLOYMENT SOURCES:

Employment Connections
http://www.employmentconnections
Tel: (250) 787-0024

JobWaveBC
http://www.jobwavebc.com
Tel: (250) 787-2717

The Petroleum Services Association of Canada
www.psac.ca/employment
Tel: 1-800-818-772)

First Nation Employment and Training Centre
http://www.fnet.ca/fnet.htm
Tel: (403) 238-7220

Petroleum Industry Training Service
http://www.pits.ca/employ.html
Tel: (403) 291-9408

Job Bank
http://jb-ge.hrdc-drhc.gc.ca
Tel: 1-800-827-0271

Trade Referral & Assessment Direct Employment
Trade apprenticeship service
Tel: (250) 263-0042

Oil and Gas Field Operator Instructor Phil Chatters (center) works with students at the Northern Lights College.

OIL AND GAS COMMISSION

2001 - 2002 ANNUAL PERFORMANCE PLAN REPORT

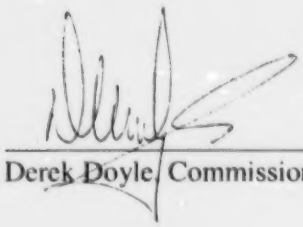
OGC

Introduction

The following is a report on the activities of the Commission specifically in regards to the Performance Plan that was presented last year and the budget approved by the Minister of Finance. This report covers the fiscal year 2001-2002.

This report is a part of the overall Commission Annual Report, it meets the requirements of the *Budget Transparency and Accountability Act* and is designed so that the Minister responsible may table it separately. It includes a copy of the audited financial statements of the Commission for the fiscal year 2001-2002.

The Commission's Board of Directors approved this Annual Performance Plan Report on the 10th day of May 2002.



Derek Doyle, Commissioner

Organization Overview

Vision

"To be the innovative regulatory leader, respected by stakeholders, First Nations and clients."

Stakeholders: Those who have an interest in our business, includes local governments, as well as other government agencies.

Mission

"Regulating Oil and Gas Activity:

- *Through fair, consistent, responsible and transparent stakeholder engagement,*
- *For the benefit of British Columbians,*
- *By balancing environmental, economic, and social outcomes."*

Core Values

"We Commit to Integrating the Following in Everything We Do:

- *We continually strive to strengthen relationships with our stakeholders, First Nations, clients, and co-workers by being open and demonstrating integrity.*
- *We are flexible, innovative, and proactive.*
- *We are socially and environmentally responsible.*
- *We will measure our performance and strive for excellence.*
- *We are open to change that enables personal and organizational growth.*
- *We foster a positive attitude and fun in the workplace."*

Enabling Legislation

The Oil and Gas Commission's statutory authorities and responsibilities are set out in the following Acts:

- *Oil and Gas Commission Act*
- *Petroleum and Natural Gas Act*
- *Pipeline Act*
- *Forest Act*
- *Forest Practices Code of BC Act*
- *Heritage Conservation Act*
- *Land Act*
- *Waste Management Act*
- *Water Act*

Purposes

The purposes of the commission as laid out in the *Act* are to:

(a) Regulate oil and gas activities and pipelines in British Columbia in a manner that
  (i) Provides for the sound development of the oil and gas sector, by fostering a healthy environment, a sound economy and social well being,
  (ii) Conserves oil and gas resources in British Columbia,
  (iii) Ensures safe and efficient practices, and
  (iv) Assists owners of oil and gas resources to participate equitably in the production of shared pools of oil and gas.

(b) Provide for effective and efficient processes for the review of applications related to oil and gas activities or pipelines, and to ensure that applications that are approved are in the public interest having regard to environmental, economic and social effects.

(c) Encourage the participation of First Nations and aboriginal peoples in processes affecting them.

(d) Participate in planning processes.

(e) Undertake programs of education and communication in order to advance safe and efficient practices and the other purposes of the commission.

In addition to the *Act* the Commission has other purposes:

- To participate in provincial resource use planning processes
- Administer the Oil and Gas Commission Environmental Fund

Outline of the Organization

The Commission is headquartered in Fort St John with offices in Fort Nelson and Victoria. Current plans include the opening of additional offices in other parts of BC when warranted by oil and gas activities.

Fees paid by industry through the Provincial Government fund the Commission. It is a crown agency, and maintains its own financial and administrative systems. Currently it has 91 employees to whom the *Public Service Act* applies.

The Commission is governed by a two person Board of Directors made up of the Commissioner and Deputy Commissioner appointed by Order-In-Council. The Commissioner reports directly to the Minister of Energy and Mines.

COMMISSIONER'S REMARKS

Dear Reader,

The Oil and Gas Commission (Commission) welcomed a new era of collaboration and unity in 2001-2002. This was a year filled with accomplishments and challenges. It was a milestone year for relationship building.

The annual report is an account of the progress made in regulatory delivery, environmental management and relationships in BC's oil and gas sector. There is much to celebrate. Activity levels remain vibrant. Innovative problem solving is evident throughout the industry. And there is a commitment to renew relationships with First Nations. The Commission acknowledges the invaluable contribution of First Nations, clients and stakeholders in assisting us in improving our regulatory effectiveness.

We also recognize the challenges of growth. In response to the many challenges, the OGC developed a Service Plan to direct our work priorities for the next three years. We commit to measure our performance and renew the Service Plan annually.

- The Principles that Guide us

The Oil and Gas Commission's vision is to be an innovative regulatory leader, respected by stakeholders, First Nations and clients. British Columbians rely upon the OGC to regulate for the benefit of all. Our purpose is to regulate oil and gas activities and pipelines in British Columbia in a manner that provides for the sound development of the sector, by fostering a healthy environment, a sound economy and social well being.

Our commitment to truthfulness, duty and unity in all that we do, is reaffirmed daily by each person at the OGC. As an agent of the Ministry of Energy and Mines, the Oil and Gas Commission is striving to serve British Columbian communities by using innovative resource management to convert energy resources into social benefits. These social benefits enrich our lives through employment, community development, personal growth and position BC as globally competitive. By working together, in ***unity***, we will all ***prosper.***

- The Year 2001 - 2002 in Review

This year demonstrated to us, that if the OGC is to regulate for the ***benefit of all***, it requires vigilance to our roles to consult, problem solve and regulate. The Commission worked with seven Treaty 8 First Nations to develop and sign renewed commitments to consult on oil and gas activities. These commitments afford the First Nations the capacity to maintain a land office with the expertise to review applications for potential treaty right infringement. The First Nations provide advice to the OGC on how to avoid or mitigate impacts. The agreements mark the starting point for the journey ahead.

Collaborative enforcement with provincial and federal agencies also continued this year; another sign illustrating the importance of unity at every level of the OGC's work. A year ago, we found

79% compliance with major regulatory requirements. As this year's data is being analyzed, it appears there is a significant improvement. This is a credit to all.

The support and input of citizens, companies and contractors is key to our continuous improvement. The OGC hosted a workshop to examine concerns and issues for a well application in the Red Creek area on the Alaska Highway. The participation of the community and the company resulted in commitments and regulatory requirements that clarify matters for all parties. Clarity is the basis for informed decision making. This community-industry example shows what a commitment to unity can achieve.

- Meeting the challenges of the years ahead (2002 - 2005)

2001-2002 was a productive year for the Oil and Gas Commission. The 2002-2005 Service Plan sets a number of aggressive performance targets for the next three years:

a) Single-window approach to regulation. We will broaden the window from 60% to 95% through collaboration with provincial ministries.

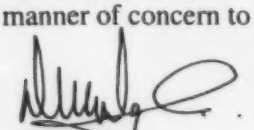
b) Performance and results based regulations. We will improve industry performance by specifying the result requirements, rather than the procedures. Our target is to shift to 60% results based regulation from the 15% that exists today.

c) Effectiveness and efficiency. We will remove technically outdated regulations, enhance the use of technology and invest more effort in examining general development and program plans. The goal is to reduce OGC average review time from 21 to 13 working days and the regulatory burden from 7874 instructions to 5197 over the next 3 years.

d) Collaboration with First Nations. The renewed agreements start us on the road to enhanced collaboration. We are committed to improving consultation on land and resource management planning, staff exchanges, locating OGC offices in some communities, improving regulatory compliance and emphasizing community environmental knowledge and science.

The OGC budget is increased from $8.0 million to $10.8 million to achieve the performance goals set out in the Service Plan.

I thank you for your continued support and welcome your comments on this report of any manner of concern to you.



Derek Doyle
Commissioner

Report on Performance

Objectives

The Commission's 2001-2002 Performance Plan lists its four objectives as:

1. Enhance relationships with clients, First Nations and Stakeholders
    - Signed Memorandum of Understanding and Agreements with seven First Nations
    - Established relationships with McLeod Lake Indian Band
    - Operationalized public consultation guidelines
2. Develop our people
    - Training delivered in Administrative Law
    - Trained staff in implementing continuous improvement
    - Delivered workshops to improve internal processes
3. Invest in technology to assist with our business
    - Implemented the first year of the three year strategic systems plan
    - Achieved electronic submission of technical pipeline applications
    - Automated the Leave to Open process
4. Operate and improve our core business processes
    - Measures taken to increase quality of submissions
    - Began work on Pipeline Integrity Management program
    - Improvements to forms and processes throughout the Commission

Performance Measures

There were two performance measures chosen to reflect these objectives:

- Measure efficiency as a reduction of the mean average and standard deviation in the number of days to approve a land use application
- Measure effectiveness through a satisfaction index of our clients, stakeholders and staff

No performance targets were set for this year since the Commission needed to collect data to set baseline information. For subsequent years the target was to reduce the mean average and standard deviation of approval days by 10% per year and increase the satisfaction index by 10% per year.

During the year the time to approve a land use application was calculated as 21 days. The number of days is calculated as each working day (discounting statutory holidays) from the day an application was started to when it was approved, for all applications approved during the fiscal year. All approved applications were assessed as taking a minimum of one day to process.

During the year no satisfaction surveys were developed for use and thus a baseline index was not established. It is planned to conduct satisfaction surveys during the coming year.

Upcoming Year

After a review of the existing objectives and strategies, the OGC changed the objectives and strategies of the Commission, as well as its performance measures and targets in the Service Plan in place for the Commission (2002-2005) to better reflect rationale for change. The new objectives are:

1. Enhance our single-window approach to regulating
2. Move to a results and performance based regulatory system
3. Continue to improve efficiency and effectiveness
4. Establish a collaborative approach with First Nations

These changes were made to recognize the important elements needed to achieve the Commission's mission.

Explicit performance measures and targets were set for the next three years. The measures are:

- % of oil and gas industry regulatory functions within the Commission's jurisdiction
- % of application functions that are results-based
- Reduce the regulatory burden to industry
- The satisfaction of clients, stakeholders and First Nations with OGC
- Average working days to complete applications
- % of major compliance with regulations by industry

The external economic factors that affect Commission activities are the price of oil and gas commodities. As commodity prices increase, so does the activity level of the Commission.

The general trend for industry has been to intensify development of proven oil and gas fields. Exploration is now occurring to examine the potential of coal bed methane around the province and to further explore the foothills area of North-East BC. Commission will be to manage reviews on new areas of the Province and to make changes to its current regulations.

The newly formulated Service Plan will broaden opportunities for all British Columbians through:

- Exploration opportunities where pre-tenure planning is occurring in NEBC and for coal bed methane throughout the province
- Increased consistency in decision-making and problem-solving

- Increased investment, business opportunities and community development
- Reduced risk and uncertainty in the regulatory regime
- Improved quality of life through growing prosperity
- Ability to integrate innovative regulatory delivery and innovative resource management

Some of the main challenges facing OGC are:

- Meeting or exceeding the very specific objectives set out in the Service Plan to reduce unnecessary regulation, advance results and performance based regulation and improve the efficiency and effectiveness of our work
- Enhance the collaboration with First Nations through capacity support and facilitating participation in pre-tenure planning, industry's general development plans and examination of oil and gas applications
- Clearly discharge our duties to all British Columbians and to see those duties clearly
- Working with government agencies and others in addressing conflicts between land tenure holders and the management of cumulative impacts
- Recruiting, developing and retaining the best and the brightest

Management Discussion and Analysis

The coming together of First Nations and the province by renewing and establishing agreements marked the start of a new journey together. The Commission carried out a process improvement analysis, involving many staff that will pay benefits for years to come. The Commission secured authority for budget improvements to respond to 3-fold workload increases over the past few years. These accomplishments have provided a strong base for moving forward.

Current Year (2001-2002):

	Actual	Budget	Difference
Revenue:			
Fee Revenue	10,004	9,120	884
Levy Revenue	6,581	5,739	842
Other Revenue	178	240	(62)
Totals	16,763	15,099	1,664
Expenses:			
First Nation	7,971	5,611	2,360
Salary Expense	5,090	5,721	(631)
Other Expense	2,690	2,837	(147)
Totals	15,751	14,169	1,582
Net Revenue (Loss)	1,012	930	82

Four-Year Comparison:

	2002	2001	2000	1999 (Revised)
Fee Revenue	10,004	11,463	7,732	2,967
Levy Revenue	6,581	5,579	5,365	2,843
Other Revenue	178	326	102	-
First Nation	7,971	4,945	6,236	4,385
Salary Expense	5,090	4,361	5,324	2,228
Other Expense	2,690	2,330	2,716	2,119
Net Revenue (Loss)	1,012	5,732	(1,077)	(2,922)
Contribution from Province	142	886		
Surplus (Deficit)	3,773	2,619	(3,999)	(2,922)
Cash Balance	5,146	5,612	5,132	-
Net Owing to Province	(2,040)	(1,124)	5,222	2,455
Due to First Nations	5,290	5,627	5,657	2,658

Revenues were much higher than budgeted for the year. There are three main factors:

- The development of the new Ladyfern field dramatically increased the volume of gas produced and hence increased levy revenue
- The annual pipeline fee was greater than the original estimate ($700,000 versus the budget of $200,000) due to use of conservative forecasts
- The large number of ownership changes that occurred increased the fee for well ownership changes ($599,400 versus the budget of $90,000)

At the same time, the fee revenue from well applications was lower than budgeted. The total number of well applications for the year was 895, which was less than the original budget of 1,000 and lower than the previous year's total of 1,118.

First Nation expenses were much higher than the original budget. This is due to the signing of new Memorandums of Understanding and Agreements with seven First Nation communities of the Treaty Number 8.

Note that 1999 was the Commission's first year of operation and was only a partial year.

Statement of Corporate Governance Practices

The Board of Directors of the Oil and Gas Commission consists of the Commissioner and Deputy Commissioner, appointed by the Lieutenant Governor in Council for terms not exceeding five years. The Commissioner is the Chair of the Board. The Board is charged with managing or supervising the management of the affairs of the Commission and is empowered to exercise the powers of the Commission. The Board fulfills the purposes of the Commission through a staff of 91 members organized into 7 Branches.

An Oil and Gas Commission Advisory Committee advises and makes recommendations to the Commission regarding the fulfillment of the Commission's purposes, the environmental, economic and social issues arising out of the Commission's operations, and the Commission's short and long term operating plans. The Advisory Committee is appointed by the Minister and includes representatives from local governments, the general public, First Nations, industry and environmental organizations.

The government has introduced Bill 36 that will amend the *Oil and Gas Commission Act*. One of the amendments will be to change the governance of the Commission. The current Board will be replaced by a three-member Board made up of the Deputy Minister of Energy and Mines, as the Chair, the Commissioner as Vice-chair and one further appointment. The Commissioner will continue to act as the Chief Executive Officer, but will now report to the Deputy Minister of Energy and Mines.

Oil and Gas Commission
Financial Statements

March 31, 2002

Statement of Management Responsibility

The financial statements of the Oil and Gas Commission for the year ended March 31, 2002 have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements present fairly the financial position of the Commission as at March 31, 2002, and the results of its operations and changes in its financial position for the year then ended.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized, and that financial records provide reliable information for the preparation of financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the Oil and Gas Commission. The Auditor's report outlines the scope of his examination and expresses an opinion on the statements of the Oil and Gas Commission.

Derek Doyle
Commissioner

Scott Wisdahl
Director, Corporate Services

April 25, 2002

Report of the Auditor General of British Columbia

To the Commissioner
of the Oil and Gas Commission, and

To the Minister of Energy and Mines,
Province of British Columbia:

I have audited the statement of financial position of the *Oil and Gas Commission* as at March 31, 2002 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Oil and Gas Commission* as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
May 10, 2002

Wayne Strelioff, CA
Auditor General

Oil and Gas Commission
Statement of Financial Position
March 31, 2002, with comparative figures for 2001
(in $000s)

	2002	2001
Assets		
Current assets		
Cash	**5,146**	5,612
Accounts receivable	**3,270**	3,077
Due from Province of British Columbia *(Note 4)*	**2,040**	1,124
Prepaid expenses	**71**	84
	10,527	9,897
Capital assets *(Note 3)*	**1,082**	948
	11,609	10,845
Liabilities and Surplus		
Current liabilities		
Accounts payable	**522**	457
Due to First Nations *(Note 8)*	**3,431**	3,843
	3,953	4,300
Long-term liabilities		
Due to First Nations *(Note 8)*	**1,859**	1,784
Environmental Fund *(Note 5)*	**1,432**	1,408
Surplus		
Surplus	**3,773**	2,619
Contributed surplus *(Note 6)*	**592**	734
	4,365	3,353
	11,609	10,845

Commitments *(Note 7)*

On behalf of the Commission

Derek Doyle
Commissioner

The accompanying notes are an integral part of these statements.

Oil and Gas Commission
Statement of Operations and Surplus
Year ended March 31, 2002, with comparative figures for 2001
(in $000s)

	2002	2001
Revenues		
Fees	**10,004**	11,463
Levies	**6,581**	5,579
Miscellaneous	**178**	326
	16,763	17,368
Expenses		
Payments to First Nations *(Note 8)*	**7,971**	4,945
Salaries and benefits	**5,090**	4,361
Building occupancy	**514**	500
Telecommunications and information systems	**578**	450
Travel and vehicle costs	**519**	483
Professional services and training	**474**	353
Amortization	**258**	289
Office supplies and equipment	**311**	235
Grants	**18**	4
Miscellaneous and bad debts	**18**	16
	15,751	11,636
Revenue from operations	**1,012**	5,732
Amortization of Contributed Surplus *(Note 6)*	**142**	886
Net revenue from operations	**1,154**	6,618
Surplus (Deficit) beginning of year	**2,619**	(3,999)
Surplus end of year	**3,773**	2,619

The accompanying notes are an integral part of these statements.

Oil and Gas Commission
Statement of Cash Flows
Year ended March 31, 2002, with comparative figures for 2001
(in $000s)

	2002	2001
Cash provided by (used in) operating activities		
Cash generated from:		
Fees	**10,102**	10,624
Levies	**6,238**	6,049
Miscellaneous	**294**	257
	16,634	16,930
Cash used for :		
Payments to First Nations	**8,308**	4,975
Salaries	**5,024**	4,503
Operating costs	**3,361**	2,278
	16,693	11,756
	(59)	5,174
Cash provided by (used in) financing activities		
Payments to Ministry	**-**	(11,120)
Increased borrowing from the Ministry	**-**	4,913
Forgiveness of start-up costs (*Note 6*)	**-**	1,620
	-	(4,587)
Cash used in investment activities		
Purchase of capital assets	**(407)**	(107)
(Decrease) increase in cash during the year	**(466)**	480
Cash beginning of year	**5,612**	5,132
Cash end of year	**5,146**	5,612

The accompanying notes are an integral part of these statements

1 The Oil and Gas Commission

The Oil and Gas Commission (the "Commission") was established under the *Oil and Gas Commission Act* on July 30, 1998, to administer industry activity on oil and gas lands and to resolve industry land use and economic issues related to Aboriginal Lands on behalf of the Province of British Columbia.

The Commission is funded through revenue from the consolidated revenue fund of the Province of British Columbia derived from:

- levies from oil and gas production,
- fees in relation to applications for and issuance of approvals, licenses, permits and other authorizations issued by the Commission under the *Petroleum and Natural Gas Act* and the *Pipeline Act*, and
- annual fees prescribed under the *Petroleum and Natural Gas Act* and the *Pipeline Act*.

The Commission is exempt from federal and provincial income taxes.

2. Significant accounting policies

The financial statements of the Commission are prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are as follows:

Capital Assets
Capital assets are recorded at cost and are amortized on a straight-line basis over the estimated useful life of the assets at the following annual rates:

• Furniture, equipment and tenant improvements	10 per cent
• Computer hardware	33 per cent
• Computer software	100 per cent

Amortization associated with assets paid for by the Province of British Columbia is transferred from contributed surplus to revenue each year. See *Note 6*.

Revenue recognition
All fee and levy revenue authorized and collected under Section 23 of the *Oil and Gas Commission Act* is first paid to the Minister of Finance. The Province then transfers this amount of revenue to the Commission.

Revenue is recognized when it is earned. The Oil and Gas Levy is assessed in the second month following production; therefore, revenue for February and March is estimated based on average prior months' assessments. Fees under the *Pipeline Act* for pipelines and gas and compressor stations are recognized when earned, that is, when "leave to open" has been granted.

Fees and levies collected that have been directed to pay for research under the Environmental Fund are recognized when the research costs have been incurred. Prior to costs being incurred the amounts are included as deferred contributions, in the Environmental Fund.

Employee benefit plan
The Commission and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pension Plans Act*. The Public Service Pension Plan is a multi-employer, defined benefit plan and is available to substantially all of the Commission employees. On behalf of employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position. The Corporation also annually contributes through the Provincial Government payroll system for specific termination benefits as provided for under collective agreements and conditions of

2. Significant accounting policies (con't)

employment. The cost of these employee future benefits are recognized as an expense in the year that contributions are paid. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship where the management, risks and benefits are shared between the employers and employees.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

3. Capital assets

	2002			2001
	Cost	Accumulated Amortization	**Net book value**	Net book value
Furniture, equipment, tenant improvements	1,334	(373)	**961**	829
Computer Hardware	160	(81)	**79**	112
Computer Software	372	(330)	**42**	7
	1,866	(784)	**1,082**	948

4. Due from the Province of British Columbia

	2002	2001
Accrued leave liability	**120**	120
Fee and levies	**1,995**	1,013
Operating expenses	**(75)**	(9)
	2,040	1,124

5. Environmental Fund

The Commission signed an agreement with the Canadian Association of Petroleum Producers (CAPP) and the Small Explorers and Producers Association of Canada (SEPAC) that will see the Commission spend $5 million over 5 years on research on the effects of the oil and gas industry in BC. The funds required for this research will be raised through increasing the levy on oil and gas production and by an increase to the application fee for wells. This money is restricted for use for research and administration of the Fund.

At March 31, 2002 the Commission had committed to research projects totaling $765 (2001: - $1,310).

	2002	2001
Balance beginning of year	**1,408**	282
Add: Fees and levies collected	**1,163**	1,202
Interest earned	**43**	43
	2,614	1,527
Deduct: Research project costs	**1,173**	80
Steering committee costs	**-**	10
Commission administration	**9**	29
	1,182	119
Balance end of year	**1,432**	1,408

6. Contributed surplus and forgiveness of start-up costs

During its first year of operation (1998/1999) the Commission borrowed funds from the Province to finance its purchase of start-up capital and pay for other start-up costs like professional contracts. The total of all of these amounts was $1,620.

During the 2000/01 fiscal year the Province forgave this amount and the amount equal to the capital assets was set up as contributed surplus.

Contributed surplus is reduced each year and an amount transferred to revenue equal to the yearly amortization of the capital assets.

	2002	2001
Contributed surplus beginning of year	**734**	-
Contribution from the Province of BC	-	921
Amortization of capital assets	**(142)**	(187)
Contributed surplus end of year	**592**	734

7. Commitments

The Commission occupies leased office buildings in Fort St. John and Victoria for which the Commission pays building occupancy fees to the British Columbia Building Corporation. The lease for the Fort St. John office space runs until September 30, 2002 with no early release option. The Commission has entered into an agreement to continue the lease as well as lease additional space for the next ten years.

The office space in Victoria is managed through the Ministry of Competition, Science and Enterprise with no fixed end date, and requires six months notice to vacate.

During the year the Commission agreed to lease space in Kamloops from British Columbia Building Corporation for a period of 5 years staring on April 1, 2002.

The Commission also leases office space from the Town of Fort Nelson which expires in 2003.

The Commission has entered into a number of short-term leases. These leases are for vehicles, computers, office equipment and support services.

The Commission has entered into several environmental funding agreements in support of research on the effects of the oil and gas industry on BC (*Note 5*).

The Commissions total annual commitments are:

Year	
2003	1,638
2004	475
2005	296
2006	4
2007	4

8. Due to the First Nations

During this year three First Nations ("FNs") (Blueberry River, West Moberly, and Prophet River First Nations) signed new Memoranda of Understanding ("MOUs") to replace existing MOUs. Four other FNs (Fort Nelson, Doig River, Saulteau, and Halfway River First Nations) signed Agreements with the Commission. Subsequently the Blueberry River First Nation has entered into negotiations to replace their new MOU with an Agreement.

The MOUs and Agreements have an effective date of October 1, 2001 and run until March 31, 2006.

The first three FN who signed the MOUs as well as Doig River FN will receive a fixed quarterly payment until December 31, 2003 based on the amount owing to them under the old MOU as of September 30, 2001.

The other three FNs for signing new Agreements will also receive fixed quarterly payments until December 31, 2003.

At the end of last year an estimate of the amount owed under the old MOU's was set up. The difference from the accrual and the actual amount was expensed this current year.

The fixed quarterly amounts have been recognized as an expense of this year and the corresponding liability set up.

	2002	2001
Payments due March 31	**952**	1,457
Current portion of long-term liability	**2,479**	2,386
	3,431	3,843
Long-term liability	**1,859**	1,784
	5,290	5,627

9. Related party transactions

The Commission is related to all Province of British Columbia ministries, agencies and Crown corporations.

The Commission leases office from the British Columbia Buildings Corporation. The Ministry of Competition Science and Enterprise provided payroll and human resource services and certain capital assets during the year at no cost to the Commission. The Ministry of Attorney General acted as the Commissions primary legal advisor during the year on a cost recovery basis.

10. Comparatives figures

Certain comparative figures have been restated to conform to the presentation used in the current year.